

FT Weekend



Moslem modernity
'The sharply dressed faithful bring mobile phones to the mosques.'

Page I

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Cruyff at 50
'The entire Dutch nation has celebrated his birthday with him.'

Page XX



FINANCIAL TIMES

APRIL 26 / APRIL 27 1997

FT Weekend



Wayne's world
'We are told the ultimate cowboy hated horses and was more accustomed to a suit and tie.'

Page V



Our nature reserve
'Only at dawn did we realise we were the only occupants of a 3,900-hectare reserve.'

Page XII

German banks in euro threat

By Peter Norman in Bonn

Germany's publicly owned banks have threatened to withdraw their support for the planned European single currency if the European Commission takes action against them in a prolonged competition dispute.

The threat, if carried out, would seriously jeopardise the German government's plans to win over a sceptical public to the euro.

The public banks, which control about 40 per cent of the country's banking market, have been disseminating information about the single

Dispute with private sector could end support for Emu

currency in an attempt to persuade people that the euro will be as sound as their beloved D-Mark.

Opinion polls suggest that about two-thirds of Germans oppose the single currency.

Mr Friedhelm Neuber, chairman of the public banks' association and chief executive of Westdeutsche Landesbank Girozentrale, Germany's third largest bank, signalled after a meeting of the association in Leipzig that the banks' role as Chan-

cellor Helmut Kohl's willing helpers on the euro could cease.

His threat was triggered by a recent complaint filed by Germany's private banking association with the Commission over injections of capital into the Landesbanks, Germany's publicly owned regional wholesale banks, in the early 1990s. Mr Neuber warned that in the event of a ruling against the Landesbanks, "we would consider whether

we support the euro."

Mr Neuber's warning is the bluntest statement so far in this long-running dispute and comes when it is still uncertain whether Brussels will take on the private bankers' complaint. It reflects growing concern about the single currency among Germany's public bankers and politicians. Mr Horst Köhler, president of the German Savings Banks and Giro Association and a former aide to Mr Kohl,

recently questioned whether Germany should rush to join the euro at a time when its traditional banking structure appeared threatened.

Mr Kohl has made clear that he supports the public banks in the dispute. Mr Neuber rejected as "simply wrong" the private bankers' claim that the Landesbanks had enjoyed a competitive advantage through an injection of equity in the form of housing development funds. He accused the private

bankers' association of acting as a front for the big German banks, headed by Deutsche Bank, Dresdner Bank and Commerzbank. The big banks, he said, wanted to destroy Germany's traditional banking structure, based on the "three pillars" of the public sector savings bank movement, the private banks and the farmers' and co-operative banks. The big private banks' aim, Mr Neuber said, was to drive the public banks out of the fast growing and lucrative business of managing clients' investments.

Judge backs regulation bid on tobacco

By Richard Tomkins in New York

The US tobacco industry yesterday lost a crucial round in its fight against mounting anti-smoking pressures when a federal judge cleared the way for the US Food and Drug Administration to regulate tobacco products.

The judge declared that cigarettes were "drug delivery devices" for the delivery of nicotine, and that the FDA therefore had the authority to regulate their sale, distribution and use - as proposed by President Bill Clinton in a crackdown on under-age smoking.

But in a significant victory for the tobacco industry, the judge also ruled that the FDA did not have the right to regulate tobacco advertising, so killing tough new restrictions which Mr Clinton had hoped would take effect in August.

Mr Clinton and the tobacco industry both said they were pleased with the decision, but said they would appeal. "This is a fight for the health and lives of our children," Mr Clinton said.

Tobacco stocks fell sharply because the market had been betting on an outright industry victory.

In early trading, Philip Morris was off 32% at \$39.4 and RJR Nabisco was down 11% at \$29.7.

The tobacco industry's challenge to FDA regulation, heard before Judge William Osteen in Greensboro, North Carolina, had been closely watched because of its implications for peace talks taking place between the industry and its foes.

Negotiators have proposed that cigarette makers should pay out sums of up to \$300bn over the next 25 years, bow to FDA regulation and accept tough curbs on advertising in return for immunity from the billions of dollars' worth of lawsuits piling up against the industry.

By giving the FDA jurisdiction over tobacco products, the judge has taken away one of the industry's bargaining chips. But by striking out the FDA's power to regulate tobacco advertising, it has left the industry with enough bargaining power for the talks to continue.

Mr Clinton gave the FDA jurisdiction over the tobacco industry last August as part of a crackdown on under-age smoking which figured prominently in his campaign for re-election.

The FDA proposed a raft of measures to curb smoking by children and adolescents. Those approved by the judge yesterday were aimed at reducing youth access to tobacco by, for example, banning vending machines from all but "adult" venues, and requiring purchasers under 21 to show proof that they were over 21.

However, the judge threw out all the proposed restrictions on advertising, including a ban on billboards near schools and playgrounds; permitting only black-and-white text-only advertisements in publications with a youth readership; a ban on promotional items such as sweatshirts; and curbs on sports sponsorship.

Lex, Page 24

Pakistan navy head fired after bribery claim

By Farhan Bokhari in Islamabad, Pakistan

Mr Nawaz Sharif, Pakistan's new prime minister, has ordered the country's top naval officer, Admiral Mansurul Haq, to retire amid allegations of bribery in a \$940m purchase of submarines from France.

The dismissal has raised fresh questions over relations between the country's politicians and its powerful armed forces, and prompted speculation that Pakistan's large defence purchases may be reviewed.

Plans to purchase Mirage 2000-5 fighter-bombers from France have been on hold for well over two years amid concerns over high costs and bribery.

Only once before, under Mr Zulfikar Ali Bhutto in 1972, has a civilian prime minister removed such a senior military officer.

The move follows months of allegations over suspected bribes in the purchase two years ago of three Agosta class 90-B submarines armed with torpedoes and SM-39 Exocet missiles.

PM orders admiral to quit over \$940m submarine deal

Naval officers close to Admiral Haq have denied the allegations, saying the deal was struck some months before he was appointed.

The government made no formal announcement, but a senior official said: "The naval chief was directed by the prime minister to resign after reports suggested his involvement in corruption."

DCN, the French government-controlled organisation which built the submarines, declined to comment yesterday, but a French diplomat told a Paris news agency that the allegations were without foundation. Senior officials denied the move would drive a wedge between Mr Sharif and the armed forces, which have ruled Pakistan for just under half its 50-year life.

One said General Jehangir Karamat, the army chief who is seen as the strongest among the three armed forces heads, was firmly in

favour of a clean-up. Since he took over 16 months ago he has established a reputation for honesty.

Mr Sharif's move received a positive reception in Pakistan's media. Some observers said he should follow through the dismissal to show that he was effective and impartial in attacking corruption in high places.

The interim government installed by president Farooq Leghari last November came under fire during its three-month tenure for talking tough on corruption but failing to bring charges. "The effort has to be widened to corrupt politicians and businessmen," said respected columnist Mr Ikram Sehgal.

The new government has also come under pressure over the Air Force since an officer who flew on an air force jet to the US was caught last month carrying two kilos of heroin.



Admiral Mansurul Haq, ordered to retire amidst allegations of bribes

Picture: Popper

News General

Ukraine makes it a party

Ukraine, at the peak of a post-Soviet craze for public holidays, is shutting down today for 10 days. The coincidence of May Day and Orthodox Easter gave the government the idea of taking the week off. By official decree, nothing will be open until May 5. Ukrainians will do it again from May 8-12 (second world war) Victory Day. Page 2

US volunteers on parade US presidents past, present and maybe future will join film stars, rock bands and business leaders tomorrow in Philadelphia in a grand celebration of volunteerism. They will call on the American spirit of private compassion to fill the void in public service left by the downsizing of government. Exit big government, enter the era of bigger, more active citizenship. Page 7

Setback for high-speed trains The German government and company backers threw their full support behind the planned high-speed Hamburg to Berlin train link after the country's three largest construction companies withdrew from the project and the government forecast higher costs and lower revenues. Transport minister Matthias Wissmann said the Transrapid project was "on track" even though it would cost 10 per cent more than the DM50m (\$5.2m) previously estimated and generate annual revenues of DM700m to DM950m against an estimate of DM1.15bn. Page 2

Kim's son weeps at hearing A tearful Kim Hyun-chul, son of South Korea's president Kim Young-sam, begged for forgiveness at a parliamentary hearing while denying allegations that he engaged in influence-peddling. He was accused of pressing banks and other financial institutions to lend nearly \$6bn to the Hanbo steel group before it declared bankruptcy in January. Page 8

The French election

Europe is proving a divisive issue in the snap French election called last week by president Jacques Chirac. None of the parties advocates leaving the EU altogether, but they are divided over the pace of change forced on the French economy. The Socialists are trying to brand the ruling centre-right party as "reactionary" while adopting as their slogan "changing the future".

See page 6



News Business

Net to cut call revenues

Deutsche Telekom, Europe's largest telecommunications operator, will see international call revenues fall by at least \$173m in 2001 as cheap Internet telephony grows in significance, a report says. The study, by the London-based consultancy Philips Tariffco, says there will be 10m UK Internet subscribers by then, of whom a significant proportion will use the Net to make international calls. Customers will benefit from the plunge in prices. The cheapest rate from the UK to the US today is about 10p a minute; Internet telephony could reduce this to 2p, according to Tariffco. Page 24

Ericsson advances 30% Swedish telecoms group Ericsson underlined the buoyant state of its mobile phone operations by announcing a 30 per cent jump in first-quarter profits, driven by surging sales and orders of cellular handsets. Sales of mobile phones and terminals doubled in the three months, helping to lift profits before tax from SKr1.55bn a year earlier to SKr2bn (\$22m). Page 23

Dow slips on renewed interest rate fears US stock prices came under renewed pressure amid fears of further interest rate rises and mixed corporate news. The Dow Jones Industrial Average was 55.26 lower at 6,708.85 at the end of morning trading, while the broader Standard & Poor's 500 index was 4.45 lower at 766.73. Volume was relatively light. World stocks, Page 20; London stocks, Page 17

Japan closes down life company Japanese officials tried to quell public concern after the finance ministry ordered Nissan Mutual Life to suspend operations. The insurer, weighed down by bad loans and falling investment yields, decided at an emergency board meeting that it was unlikely to be able to continue due to a capital deficit of about ¥300m (\$1.57m). In the year to March, 1997, the company, which has assets of ¥2.167tn, expects net losses to have reached ¥82.5m. Page 24

Enso in talks with Holtzmann Finnish pulp and paper group Enso confirmed it was in talks to acquire E Holtzmann, a privately owned German paper company, for a price believed to be about DM1.8bn (\$766m). The addition would raise Enso's newsprint capacity to 1.34m tonnes, consolidating its position as one of Europe's biggest producers of the grade with market share around 7 per cent. Page 23

Contents

News	1-4	Companies	22-23	Managed funds	11-16
International News	2-4	Corporate & Finance	22-23	Money markets	9
UK News	5	Markets	24	Oil trading data	11
Weather	26	FTSE Actuaries	17	Recent issues	17
Law	24	FTSE-A World Indices	23	Share information	18-19
		Foreign exchanges	23	World commodities	6
		Gold markets	9	Well Street	20-21
		Equity options	17	Business	20-21
		London SE	17	Weekend FT	Section I
		LSE dealings	21		

Atlanta LEH200	Australia S&P	Bahamas DRI200
Bombardier B200	Bolivia BVP20	Canada CSE200
China PR200	CEI US200	Croatia CR200
Czech Rep C200	Colombia C200	Denmark D200
Euro Stoxx 200	France C200	Finland F200
Germany DAX200	Hong Kong H200	Greece A200
India NSE200	Indonesia IDX200	Israel T200
Japan TOPIX	Japan Y200	Jordan J200
Korea KOSPI	Korea W200	Kuwait K200
Malaysia KLC200	Malaysia KLC200	Malta M200
Netherlands AEX200	Netherlands AEX200	Norway N200
Poland WIG200	Portugal PSI200	Romania R200
South Africa J200	Spain IBEX200	Sweden S200
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Low marks for research into green blood

By John Murray Brown in Dublin

Jack Charlton, former manager of the Irish football team, availed himself of it. President Bill Clinton used it, but without success.

An £15m (\$23m) project to help tourists visiting Ireland to trace their ancestors was this week the subject of a damning official report by the Comptroller and Auditor General.

The computer-based Irish Genealogical Project, dreamt up by the former Irish prime minister, Mr Charles Haughey, in the mid-1980s, was brought to task by the value-for-money watchdog, which

advises parliament on uses of public money.

The findings are an embarrassment for the Irish Tourist Board, *Bord Fáilte*, at a time when it is already under fire for the revamp of its shamrock logo.

The report said the project had failed to enter more than 30 per cent of the 29m records - many of them hand-written parish and civil records. A significant number of entries were inaccurate.

Irish genealogy has always had its devotees. Local priests and libraries used to be inundated with requests from tourists.

Jack Charlton was perhaps the man best known for his efforts in Irish genealogy. Some would say he stretched to the limits international football's ancestral rules to recruit English First Division footballers for the Irish team. Mr Clinton's quest meanwhile was less productive, unlike earlier presidential visitors to Ireland - John Kennedy and Ronald Reagan. "Imaginative" is how one local project official described Mr Clinton's alleged links with the famous Cassidys of Fermanagh.

The first systematic effort to collate these records for the tourism industry before this project was by a primary school teacher in county Clare, who got his charges to index the local Griffiths Valuation - an 1840 record of land and property a little like England's Domesday Book.

Bord Fáilte estimates there were 84,000 visitors in 1995 tracing their family trees. But the potential, particularly among Americans of Irish descent, is much larger. Irish Roots magazine once ran a cover with a smiling Mary Robinson, under the title "President of 70 million".

Inside were stories on "How Irish is our soccer team?" and "Hick's Irish relative" - a reference to the Führer's nephew, who is claimed once worked behind the bar at the Shelbourne Hotel.

With Ireland this year commemorating the 150th anniversary of the Great Famine, travel agencies anticipate renewed interest in the subject.

The centives, which were set up in all 35 counties, are staffed by trainees on work schemes. The organisation will research a name for £210 and a family tree for £235 and produces a full report for £1,000. The project is cross-border, and relies on co-operation from the Church of Ireland and the Presbyterian Church, which have been entered on the system. But there are still 14m church records, 6m civil records, and 5m from the first census of 1801 to go.

The system has been part-financed by the International Fund for Ireland, set up to promote reconciliation between Protestants and Roman Catholics in the wake of the Anglo-Irish agreement in 1995 and supported by US, UK, Canadian, and Australian aid.

Ms Susan Malone of the Dun Laoghaire Borough Heritage Society says: "It's not push-button genealogy. You need someone who understands Irish records."

Mr Frank Brinkley of Irish Genealogy, the company responsible for marketing the project, estimates that 4.4m records have been entered on the system. But there are still 14m church records, 6m civil records, and 5m from the first census of 1801 to go.

The happy coincidence of the old Communist stalwart, May Day, and the even older Orthodox Easter, observed (officially only since 1993) later than usual, gave the government a popular idea: take the whole week off.

By official decree, nothing will be open until May 5. Then from May 6 until May 12 - for (second world war) Victory Day - Ukrainians will do it again.

The fondness for time off is nothing new. The Soviet Union idealised work. Liberal awarding of Heroes of Socialist Labour medals meant many Ukrainians treasure to this day, but its people actually did very little of it.

The new Ukraine provides many pretexts. Old Orthodox Christian holidays are again celebrated. So are new Ukrainian ones and a vibrant Communist constituency ensures Bolshevik holy days stay put.

Ideology aside, few appear to mind. The elite has booked solid many outboard flights next week from Kiev, favouring Red Sea resorts or the large European cities. Even in off season, the Orlandia in Yalta, the picturesque Crimean beach spot's best hotel, filled its last room long ago.

Official stonewalling of sensitive slugs, Ukraine's foreign minister, Mr Hennadiy Ushakov, said Kiev's leaders would use the occasion for "important" diplomatic trips.

The poorer masses, who have suffered through six years of depression, are more bemused. "It is frankly a little strange: factories are already not working and many people are unemployed," said Ms Galina Korzhovina, waiting for her bus. Her meagre pension keeps her in Kiev, but Ms Korzhovina knows what she will do on May Day: "I'll march. It's such an important celebration of hard labour."

Some private entrepreneurs who have fully embraced the capitalist work ethic complain about lost business. And the tax men are positively irate.

Mr Mykola Azarov, the director of the national tax authority, this week presented a staggering bill: the holiday will cost Ukraine at least 35m hryvnia (\$191m) in lost revenue.

Faced with a deepening economic crisis and little to show for the past four months, the government does not seem to deserve a break. Mr Jeffrey Sachs, the Harvard professor who advises the government, this week urged Kiev to "work every day, around the clock". A reformist MP sarcastically responded: "We may need to rest first."

Disenchanted opposition politicians are echoing Ukraine's national poet, Taras Shevchenko, who in the 19th century struggled in vain to arouse his native land against Russian rule.

A Shevchenko verse invoked his frustration with Ukrainian inaction: *It's terrible to lie in chains And rot in dungy deep, But it's still worse, when you are free, To sleep, and sleep, and sleep.*

Bonn setback for high-speed train

By Graham Bowley in Frankfurt

The German government and company backers yesterday threw their full support behind the planned high-speed Hamburg to Berlin train link after Germany's three largest construction companies withdrew from the project and the government forecast higher costs and lower revenues.

Mr Matthias Wissmann, transport minister, said the "Transrapid" project, which has been dogged by criticism, was "on track despite calls to the contrary" even though it would cost 10 per cent more than the DM9bn (\$5.2bn) originally estimated and would generate annual revenues of between DM700m and DM950m - down from the earlier estimate of DM1.15bn.

His remarks were in sharp contrast to the government's formerly more cautious

stance. In January Mr Wissmann indicated the ambitious project, one of Germany's largest private and public sector initiatives, would be dropped if it proved too expensive.

Phillip Holzmann, Hochtief and Bilfinger & Berger announced they were pulling out of the project. Hochtief said the train link, which would rely on electromagnetic levitation, was not "economically viable".

But the three remaining partners - Deutsche Bahn, the railway operator, Thyssen, the steel and engineering group, and Siemens, the electrical and electronics group - renewed their commitment and were joined yesterday in the project, which is due to open in 2005, by Adtranz, the joint venture between Daimler Benz and ABB, the Swiss-Swedish group. Deutsche Bahn would now lead the project, the government said.

Mr Wissmann, who has

been keen to control costs, said that other international construction groups would be invited to tender for the building of the track. The government is due to pay the estimated DM6.1bn for the construction of the track.

The remaining project partners said they were already negotiating with foreign investors and wanted to add another European partner.

Mr Heinrich von Pierer, chief executive of Siemens, said the consortium was talking to GEC-Alsthom, the Anglo-French group.

The project, due to begin construction next year, has been plagued by criticism from opposition parties and environmentalists. They doubt whether there is sufficient demand for the train link and whether it justifies the large amounts of state funding. But Mr Wissmann said the project would create more than 22,000 jobs.

French Socialist party pledges to cut taxes

By Andrew Jack in Paris

France's opposition Socialist party, on the second day of the country's general election campaign, yesterday pledged to cut taxes and social security charges in an effort to boost economic growth.

Mr François Hollande, the party's spokesman, blamed the climate of economic gloom on rising charges since the centre-right administration came to power in 1993, and called for cuts in both value added tax and payroll levies.

His comments came the day after the heads of the two leading political parties held their first campaign rallies, with Mr Lionel Jospin,

first secretary of the Socialist party, speaking to militants in Sarcelles, north of Paris, and Mr Alain Juppé, the prime minister and head of the centre-right RPR party, in Marseilles.

A poll in *Le Point* magazine suggested slipping support for the ruling RPR-UDF coalition. Their 38.5 per cent of the vote would then control of the National Assembly by just three seats. The Socialists scored 29 per cent in the poll and the Communists 10 per cent.

Mr Jospin attempted to unite the forces of opposition to the government behind the theme "let's change the future" - similar to the approach taken when President Jacques Chirac

ran for office in 1995.

Mr Juppé concentrated his attacks on the "archaism" of the Socialist party, and the heavy debt incurred by high levels of public spending in the past, while also stressing the importance of lowering taxes in order to encourage enterprise and create jobs.

The two candidates squabbled over the format of a television debate.

Mr Charles Pasqua, the former RPR interior minister who is a Euro-sceptic, was due to hold an inaugural session of his "Tomorrow France" movement today, which will be closely watched for its success in attracting those on the political right.

Election Outlook, Page 6



Turkey's deputy premier, Tansu Ciller, yesterday denied that her True Path party was about to pull out of the alliance with prime minister Erbakan's ruling Islamist party

Albanian bank chief sacked

By Kevin Done, East Europe Correspondent

Albanian President Sali Berisha yesterday signed a decree dismissing the governor of the Bank of Albania, Mr Kristaq Luniku, in a move which deals a blow to the credibility of the country's efforts to rebuild its shattered economy.

Mr Luniku said yesterday that his removal was "illegal". He attacked it as "an invasion of the central bank" by Mr Berisha, "which is going to undermine the independence of the Bank of Albania".

Mr Luniku was respected by the international financial institutions and was seen as an important guarantee that the Albanian authorities would pursue a

prudent monetary policy.

He said yesterday: "The bank was the only institution that was not under Berisha, but now he wants this institution under his control as well, because the elections are coming."

Albania is seeking financial support from the International Monetary Fund as it battles to deal with the anarchy unleashed by the collapse of a series of fraudulent pyramid schemes. The dismissal is expected to complicate the negotiations.

Mr Luniku has been replaced by Mr Qamili Tushe, deputy director of the National Commercial Bank, one of the country's three beleaguered state-owned banks.

The Bank of Albania had emerged under Mr Luniku's

leadership as one of the country's few independent institutions.

His position has become increasingly exposed in recent months, however, as it became clear that he had been warning Mr Berisha and the government since late 1995 of the growing dangers posed by the development of the informal financial market and the proliferation of fraudulent pyramid finance schemes.

The government failed to act on various drafts for new laws proposed by the central bank for usury and money laundering, and the judicial authorities did nothing to enforce other banking legislation, which included regulations to stop any organisations other than licensed banks from taking deposits.

Since early March Mr Luniku has been in Washington, where he has been assisting the IMF in drawing up policies to support the rebuilding of the financial system in Albania, while continuing to run the central bank.

He said yesterday he had come under pressure from Mr Berisha to sell central bank reserves to prop up the faltering currency, the lek, as the country plunged into chaos earlier this year, but he had refused.

Mr Luniku, 54, was drafted into the central bank as deputy governor when it was created in 1992 and became governor in December 1994. He was responsible for building much of the legal framework and the monetary system for the central bank.

Russia discovers the tension between rights and freedoms

Chrystia Freeland on an old-fashioned battle over press freedom

When Mr Leonid Fedun, one of Russia's most powerful oil barons, stormed into the offices of *Izvestia*, the venerable national daily, with a phalanx of bodyguards earlier this week he brought a political axe crashing down with him.

Mr Fedun's offensive was the latest twist in a long-running struggle for control between Lukoil, Russia's largest oil company and *Izvestia*'s main shareholder, and the newspaper's editors and journalists.

But it also marked the moment when, for the first time since the collapse of communism, the struggle to establish property rights and the fight to ensure freedom of expression came into conflict.

Izvestia journalists, who ardently supported Russia's democratic market reformers in their struggle against the Soviet regime, see the clash with Lukoil as a fight against "political censorship".

Lukoil, one of the flagships of Russia's nascent capitalism, sees the *Izvestia* imbroglio as a battle for "shareholder rights".

Their conflict, which has gripped the nation and rallied Russia's cultural giants and business tycoons to take sides, suggests that, for the first time since the disintegration of the Soviet Union, the intellectuals and the entrepreneurs, the defenders of democracy and the builders of capitalism, may no longer always be on the same side.

"The intelligentsia in its time glorified the Bolsheviks. Today, again, it does not understand the situation," says Mr Piotr Nayev, a Lukoil spokesman. "We consider that property rights are the most important and freedom of speech or of the press must be in second place."

Izvestia's advocates are also not shy about comparisons with the unloved Communist epoch, but their fear is that the raw rule of Russia's new tycoons may be almost as restrictive as that of its old Politburo dictators.

"We thought that for a political newspaper to be owned by a big corporate interest was better than being owned by the state and under the authority of the Communist Party of the Soviet Union, as we had

monopolist which was once run by the premier. The story provoked an outcry in Moscow: parliament demanded an explanation from the prime minister, whose press secretary responded with the insistence that Mr Chernomyrdin's salary was a humble \$715 monthly salary. Lukoil, which like all the main companies in the Russian oil and gas industry, enjoys warm relations with the premier, was also per-

plexed. Speaking at a public conference Mr Vagit Alekperov, Lukoil's powerful president, attacked the *Izvestia* article and warned that his company might dump its shares in the newspaper.

But instead of breaking its links with the newspaper, in which Lukoil began to invest last autumn, the oil giant stepped up its bid for control. That effort reached a climax this week, when Lukoil and allied investors, claiming to own a total of 51.3 per cent of *Izvestia* stock, held a hostile shareholders meeting and elected a new board of directors dominated by Lukoil loyalists.

Izvestia disputes the legality of the meeting and the two sides have now called a brief time-out in their sparring, during which

they plan to consult their lawyers.

In the opinion of the *Izvestia* staff, at stake is the media's right to operate free of the dictates of the country's political and economic masters.

"I agree that shareholders' rights must be defended," says Mr Laisa. "But this is a question of political censorship. It was an article about Chernomyrdin [which caused the fuss] not about Alekperov."

Izvestia's censorship charge hinges on the newspaper's assertion that in cracking down on *Izvestia*, Lukoil is acting on the offended prime minister's behalf.

According to *Izvestia*, Mr Chernomyrdin believed that Lukoil was behind the controversial article, which the prime minister's office viewed as part of an elaborate conspiracy to weaken him.

"Chernomyrdin cannot give a direct order to fire me, but he can do it indirectly: he can get Lukoil to have me fired," says Mr Igor Golunovskiy, *Izvestia*'s editor.

Lukoil says *Izvestia*'s greatest offence was to bring the oil company under suspicion of actively plotting against the premier.

This assumption that, as Mr Nayev puts it, "he who pays, orders the music", is at the root of the dispute. Most of Russia's leading newspapers and television channels are controlled by financial magnates who openly use their media muscle to further their political interests.

Their dictates are, of course, much easier to bear than the iron censorship of the Communists. But this version of a capitalist press is also a lot closer to the apocryphal tales Soviet propagandists once told about the west than it is to the real thing.

Ukraine closes down... for ten days

By Matthew Kaminetz in Kiev

Ukraine, at the peak of a post-Soviet craze for public holidays, is shutting down today for 10 days.

The happy coincidence of the old Communist stalwart, May Day, and the even older Orthodox Easter, observed (officially only since 1993) later than usual, gave the government a popular idea: take the whole week off.

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Ideology aside, few appear to mind. The elite has booked solid many outboard flights next week from Kiev, favouring Red Sea resorts or the large European cities. Even in off season, the Orlandia in Yalta, the picturesque Crimean beach spot's best hotel, filled its last room long ago.

Official stonewalling of sensitive slugs, Ukraine's foreign minister, Mr Hennadiy Ushakov, said Kiev's leaders would use the occasion for "important" diplomatic trips.

The poorer masses, who have suffered through six years of depression, are more bemused. "It is frankly a little strange: factories are already not working and many people are unemployed," said Ms Galina Korzhovina, waiting for her bus. Her meagre pension keeps her in Kiev, but Ms Korzhovina knows what she will do on May Day: "I'll march. It's such an important celebration of hard labour."

Some private entrepreneurs who have fully embraced the capitalist work ethic complain about lost business. And the tax men are positively irate.

Mr Mykola Azarov, the director of the national tax authority, this week presented a staggering bill: the holiday will cost Ukraine at least 35m hryvnia (\$191m) in lost revenue.

Faced with a deepening economic crisis and little to show for the past four months, the government does not seem to deserve a break. Mr Jeffrey Sachs, the Harvard professor who advises the government, this week urged Kiev to "work every day, around the clock". A reformist MP sarcastically responded: "We may need to rest first."

Disenchanted opposition politicians are echoing Ukraine's national poet, Taras Shevchenko, who in the 19th century struggled in vain to arouse his native land against Russian rule.

A Shevchenko verse invoked his frustration with Ukrainian inaction: *It's terrible to lie in chains And rot in dungy deep, But it's still worse, when you are free, To sleep, and sleep, and sleep.*

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NEWS: INTERNATIONAL

Country frozen in time as cold war mentality lingers among elite and extends to man in street

Zaire lost in a world of its own

By Michela Wrong in Kinshasa

Mrs Nzuzi Wa Mombi is a woman who normally emanates a sense of sleek well-being. Her years in the political arena have clearly done this successful businesswoman - an admirer of Margaret Thatcher - no harm. Perfectly coiffed, she is fragrant with perfume. Gold glitters on ears, fingers and wrists.

But today she can barely contain her rage. Sitting on her terrace she blasts the foreign powers destroying the man she venerates. "What did Mobutu not do when it came to furthering US interests? What risks did he not take? Zaireans have a strong sense of friendship and these are not easy things to forget. The west will live to regret what it is doing today in Zaire."

The litany is a familiar one. As Kinshasa waits to be stormed by the rebel alliance, Zaire's "dinosaurs" - the pampered elite who benefited from President Mobutu Sese Seko's 32-year rule - are waking up to the threat of extinction.

Interviews are dominated by tirades against the

"satellite plot" by a "neo-colonialist" US.

"They can't believe the times when Belgium or Morocco or the CIA would leap to Mobutu's rescue are over," says a diplomat. "They can't shake off the cold war mentality because they have never experienced anything else. It has always been there so it always will be there. They stopped looking at the outside world when it changed." The "mouvance présidentielle" still has not registered the fact that - whatever help Mr Laurent Kabila may be getting from his friends from the east - the rebels are triumphing thanks to the enormous support they enjoy among a downtrodden population.

Instead, the rebel advance is viewed entirely as a conspiracy by Washington, in cahoots with puppet governments in Uganda and Rwanda. Pro-Mobutu newspapers heralded the signing of a \$1bn contract between the rebels and a US company as incontrovertible proof Washington had launched the war with the sole aim of appropriating Zaire's mineral riches.

To say Zaire was scarred

by the cold war is an understatement. More than any other African country, it appears frozen in time, trapped in an epoch when Washington and Moscow's desires determined the lives of far-away Africans. The destruction of the Berlin Wall, the fragmentation of the Soviet Union, appear not to have registered on the Zairean psyche.

The obsession with western interference is not confined to the ruling class. It extends to the entire political establishment and the man in the street.

At street corners ordinary Zaireans huddle around newstands searching for clues to the west's "agenda" for Zaire. Quizzing visitors for insights, they laugh incredulously when told most foreign governments regard the country as a massive headache.

When an opposition leader is asked to explain what Patrice Lumumba, the assassinated prime minister who was Mr Kabila's mentor, represents for Zaireans today, he explodes into a furious defence. "Why are you all so frightened of Lumumba?"

Liberalism of Congo (AFDL) fighters. "Regional support for Kabila is building," said a Kinshasa-based diplomat. "Uganda, Rwanda, Burundi, Tanzania, Angola, Zambia are all sick and tired of Mobutu's habit of supporting any guerrilla movement that comes along. They are getting their own back."

The prospect of regional escalation is worrying foreign governments, coming at a time when some aid and relief agencies say the rebels are trying to estimate 100,000 Rwandan refugees trapped south of the eastern town of Kisangani.

And if by 1990 the Americans and Belgians had distanced themselves from Mr Mobutu, support from the French, reluctant to lose an African ally after alienating Rwanda, filled the vacuum. Despite Mr Mobutu's nominal acceptance of democracy, there was nothing on the ground to convince Zaireans fundamental realities had altered.

The conviction that Zaire's fate is being decided by others explains the passivity outsiders find so exasperating. "Throughout the war, most Zaireans have simply sat and waited to be liberated," says an analyst. "Even now, when Mobutu is on his last legs, they expect someone else to bundle him out to a helicopter and do the job for them."

History will probably look back on Mobutu's fall as the death rattle of cold war involvement in Africa. Dealing a shattering blow to France, the last colonial power still heavily involved in the continent, it could herald the start of a new, unpredictable era in which Africans set their own agenda.

The final irony is that the man who can now deliver the coup de grace to three decades of psychological dependency is himself a cold war product. A devotee of Lumumba, former Maoist, comrade-in-arms of Che Guevara, Mr Kabila must prove he is no "dinosaur", if he is to wake Zaire from its Rip Van Winkle trance.

Japan ponders effect of sales tax increase

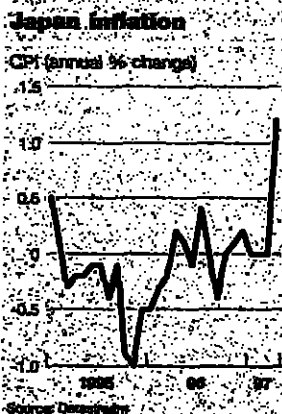
By Gwen Robinson in Tokyo

Japan's beleaguered retailers will be keeping an anxious watch on sales during "Golden Week", the country's annual vacation period, when rural Japanese flock to cities and, alongside holidaying office workers, head for department stores and shopping plazas. The string of national holidays which begins next week is seen as a revealing test of consumer sentiment following the April 1 increase in sales tax from 3 per cent to 5 per cent.

Figures published this week by supermarkets, chain stores and department stores show a surge in March sales, as shoppers rushed to buy costly items such as home appliances ahead of the tax increase. But they have underlined fears among retailers that business would inevitably improve in the short term before suddenly getting worse.

For some retailers, the figures also showed a worrying polarisation in spending patterns, away from medium-ranked supermarkets and department stores for purchases of mainstay items such as food, toward cheaper chain stores and high-end department stores.

Department store sales in March jumped 23 per cent at an annual rate to ¥966bn, (\$7.62bn) recording the first double-digit growth since June 1990, according to the Japan Department Stores



Association. The association said the main factor driving sales was a consumer rush in the second half of the month, particularly for price items before the tax increase.

Sales in Tokyo stores alone amounted to ¥271.9bn, up 21.7 per cent. The most sought-after items, by category, included furniture which saw an annualised sales increase of more than 55 per cent, while home appliances leapt 60 per cent and sundry items, including jewellery and artwork, grew by 37 per cent. Food sales, however, grew only a moderate 5.4 per cent.

Chain stores, meanwhile, said March sales rose 26.4 per cent from the previous month to ¥1,520bn, representing a year-on-year increase of 8.4 per cent.

The Japan Chain Stores Association said that home electrical appliances were

among the most popular items, recording a 46 per cent annual increase in sales.

Supermarkets, meanwhile, reported an increase of only 1.7 per cent in March to ¥16,976bn. However, the figure represented the first annual increase in five years.

Reflecting trends seen in department and chain stores, home appliances recorded the highest sales growth, rising nearly 47 per cent to ¥85.6bn.

Following the February end of the business year for most retailers, many have forecast further increases in sales for the current business year on strong earnings results.

Analysts, however, say it is too early to gauge the overall impact of the sales tax increase on consumer sentiment and warn that some of the largest retailers have been too optimistic in their sales projections for the current year.

The government's Economic Planning Agency yesterday announced the results of a survey of retail prices around the country following the April 1 sales tax increase. The agency, which has expressed concern about the potential negative impact of the tax on retailers and consumer spending, said prices of 30 key consumer items increased by an average 1.7 per cent from the previous month.



Aryeh Deri is held aloft by supporters at a Shas rally in Jerusalem on Wednesday during which he protested against the decision to indict him on corruption charges

New divide emerges in Israeli politics

When Mr Aryeh Deri, leader of Shas, the ultra-Orthodox party in Mr Benjamin Netanyahu's Likud-led coalition, addressed a huge rally this week, he tried to unleash the genie of ethnic nationalism.

Mr Deri, born in Morocco in 1950, was the only person to be indicted for breach of trust, fraud and extortion over the short-lived and controversial appointment of Mr Roni Bar-On as attorney general.

Even though the prosecutors had ample evidence to indict him on Sunday, Mr Deri did not accept their decision lightly.

Instead, he used the rally to depict himself and Shas, a political umbrella for the Oriental and North African, or Sephardic, Jewish communities as being made scapegoats by the European, or Ashkenazi, Jews.

"I will tell you one big secret," he told the chanting black-suited crowds. "Every one asks why this movement is being persecuted. This is religious and racial persecution. The Shasim will alter the character of the state of Israel. We will get over this." The fear that Mr Deri would reopen divisions between Ashkenazi and Sephardic Jews prompted President Ezer Weizman to hold talks with Shas before the rally. "One should not, God forbid, take this event and turn it into an instance of discrimination against the Sephardic community and the supremacy of the Ashkenazi," he said. "I asked the Shas Knesset deputies not to let the ethnic genie out of the bottle."

But Mr Deri and Rabbi Ovadia Yosef, Shas's spiritual leader, seem intent on resuscitating the Ashkenazi-Sephardi divide to galvanise its support before extracting further concessions from the Netanyahu government. It commands 10 seats in the 68-strong coalition, enough to topple the government if it chose to withdraw.

Shas is also synonymous with combating the growing secularisation of the country, the ethnic divide evoked at the rally also had a sub-text - the growing polarisation between secular and ultra-Orthodox Israelis.

"Shas is trying to establish a system of cultural ghettos," said Mr Moshe Lisk, professor of ethnic relations at the Hebrew University in Jerusalem. "The second-rank leadership of Shas fosters and strengthens among the movement's supporters the belief that every decision is based on the hatred of religion and the hatred of Sephardic Jews."

Likud, founded in 1973, provided a political home for the Sephardim who felt discriminated against by the Ashkenazi, the founders of Israel. But Likud, which has a large secular constituency, was not considered religious enough for Shas, which, after its establishment as a party in 1983, stunned the

electorate when Mr Deri won four seats in the 1984 elections. Today it is in a stronger position to extract more concessions.

It is difficult to gauge Mr Netanyahu's commitment, apart from political expediency, to Shas. But other Likud deputies, most notably Mr Michael Eitan, the coalition's parliamentary leader, recognise it is not the ethnic divide but the religious one which, apart from the peace process, is becoming the biggest force in Israeli politics.

Since every government will remain beholden to Shas, particularly since demography is in the latter's favour - Sephardic Jews have an average of nine children per family - there is a very gradual consensus emerging for a new political realignment. Analysts believe that, eventually, Likud's liberal factions will join the opposition Labour party to form a new centrist party.

The old divide between left and right is fading as the new divide between secular and religious is growing stronger, Mr Eitan said recently. In the meantime, Shas and the other ultra-Orthodox parties will need to do their utmost to extract more concessions as the Jewish state of Israel grapples with the almost irreconcilable task of combining Judaism with democracy.

Judy Dempsey

Egypt in 'Jerusalem Appeal'

By Mark Hubbard in Cairo

Egypt's secular and Islamic opposition parties yesterday demanded a reversal in the normalisation of its relations with Israel, in protest at the Israeli government's construction of Jewish settlements on Arab land in defiance of the Oslo accords on Middle East peace.

In a rare but revealing show of common purpose six political groups, including the banned Muslim Brotherhood, as well as several professional associations, co-signed a "Jerusalem

Appeal", which called upon the Egyptian government to recall the Egyptian ambassador from Tel Aviv, suspend the sale of Egyptian oil to Israel, and stop Egyptian and Israeli tourists from travelling to one another's countries.

In a tone reflective of Egyptian public opinion, which is strongly anti-Israeli despite the policy of normalisation which the two governments have had since the 1979 Camp David accord, the diverse opposition groups, who have a mere 13 seats in the 444-seat parliament,

appeared set aside their own deep differences. "The Egyptian government... is called upon to stop acting on all the economic, commercial and cultural agreements and protocols which it has signed with Israel, to stop selling oil and gas, and to stop Zionist tourism and all kinds of normalisation with Israel," the statement said.

It added that this included a freeze on regional economic projects which grew out of the Middle East and North Africa economic conferences, last held in Cairo in November.

INTERNATIONAL NEWS DIGEST

Bank to fight corruption

The World Bank is stepping up efforts to fight corruption in developing economies, Mr James Wolfensohn, president of the multilateral lending institution, said yesterday.

At a press conference on the eve of the International Monetary Fund and World Bank spring meetings, Mr Wolfensohn said corruption remained the biggest factor inhibiting investment in many emerging market economies. The World Bank was involved in intensive efforts to help governments tackle the problem.

"The corruption issue is way higher on the World Bank's agenda than it has ever been," he said.

The World Bank had conducted seminars in the past year with governments and private sector groups in a dozen countries in Asia, Africa and Latin America, though Mr Wolfensohn declined to identify them individually. The aim was to convene ideas on how to fight corruption. The full bank board would consider an internal paper on an anti-corruption strategy at its meeting next month.

Gerard Baker, Washington

Volkswagen row nears end

Hopes rose yesterday that Volkswagen and the European Commission would soon resolve their dispute over investment subsidies granted to the carmaker by the German state of Saxony, after Mr Günter Rexrodt, Germany's economics minister, said agreement was near.

Mr Rexrodt gave no details but said the two sides had agreed in principle on a settlement and only one or two minor matters remained to be clarified.

The dispute arose last summer after the Commission blocked DM240m (\$140m) of subsidies for two VW plants in Saxony, which then disbursed DM52m in defiance of the ban.

Peter Norman, Bonn

Senate election briefing

The US Justice Department and the FBI are reported to have told members of the Senate Intelligence Committee that a Chinese plan to funnel money into the 1996 US elections, in order to influence US policy, was approved at the highest levels.

The briefing was reported in yesterday's Washington Post. Although there has been no evidence produced in public of Chinese involvement in the election, just the suggestion of the scheme has created widespread uneasiness over the Clinton administration's plans to improve relations with Beijing. Beijing has strongly denied the report. But it cast a shadow over the recent visit of Mr Al Gore, vice-president, to China and the expected visit of President Jiang Zemin to the US in the autumn.

According to the Post, the attorney general, Mr Janet Reno, and Mr Louis Freeh, FBI director, told intelligence committee members that intercepts of communications between Beijing and the Chinese embassy in Washington revealed "amazing" details of the plan. It has also tracked some money transfers from Beijing, which could have been used in the plan.

Nancy Dunne, Washington

Query over De Beers contract

De Beers has effectively been given three months notice by Zaire's rebel alliance that it is terminating the South African group's exclusive contract to buy the rough or uncut diamond output from the state-owned company Miniere de Bakwanga (Miba). Mr Tim Capon, a De Beers director, said that Mr Mwana Mawanga, Zaire's alliance economy minister, had made it clear that he wanted to look at alternative ways of selling Miba's output.

"We still have to come up with proposals and you could say the situation is pretty fluid," Mr Capon added. He pointed out that, while Miba's production of about 500,000 carats a month, worth roughly \$12 a carat (or \$6m a month in total), was important to Zaire, it was a very small part of the \$4.5bn annual sales by De Beers' Central Selling Organisation, which dominates world trade in rough diamonds.

De Beers bought more diamonds from Zaire's small producers and the alliance had given the go-ahead for the group to re-open its buying offices, said Mr Capon.

"We are in the process of doing that but we are having to deal with the problem of how you get cash in and diamonds out securely when a civil war is going on."

Kenneth Gooding, Mining Correspondent

Romania spy chief may resign

General Virgil Magureanu, head of the powerful Romanian intelligence service, has offered to resign, according to a spokesman. The body, called the Romanian Information Service (SRI), is based on elements of the Securitate, the notorious secret police of communist Romania, of which General Magureanu was a senior officer. SRI spokesman, Mr Nicolae Ulieru, said that the resignation offer was prompted by "pressure from groups in Romania and abroad".

He suggested that there was probably a connection with Romania's desire to be invited to join Nato at the Madrid conference in July. Some western diplomats have given the continuing Securitate legacy as a reason to delay Romanian membership.

Anatoli Laveen, Budapest

EU tax on wheat exports

The EU has imposed a tax on wheat exports in an effort to control a surge in prices and to curb exports in the face of falling grain stocks.

A European Commission official said the tax was imposed because the market was over-heating as a result of unusual weather conditions in the EU and US. EU prices have risen by as much as 20 per cent above the intervention level which is set by the European Commission.

EU prices have been rising steadily since mid-March mainly because of a prolonged drought in Portugal, Spain, the UK and parts of France. World prices have also risen sharply on fears that the 1997 grain harvest will be poor because of the drought in Europe and adverse weather in the US.

Prices have also been driven up by the continuing rise in demand world-wide, which has left stocks depleted. The EU move came despite a record EU cereals harvest of 200m tonnes last year and earlier indications of another massive crop in 1997. However, EU grain stocks have fallen to just over 1m tonnes from 2.6m tonnes at the start of the season last July.

Caroline Southey, Brussels

Bomb blast in Milan

Italy's national holiday celebrating the liberation from fascism was overshadowed by the explosion of a powerful home-made bomb outside the main offices of the city hall in Milan yesterday.

No one was injured as the device, consisting of bolts placed inside a canister, exploded in the early hours of the morning when streets of Milan were deserted. But it was the first serious terrorist bombing since a series of attacks, carried out by the Mafia in 1993.

Both the timing and the placing of the bomb also clearly suggested a link with local elections to be held tomorrow in which Milan is the single most important city council at stake. No one claimed responsibility for the bomb. "This is a very serious incident," said Mr Giorgio Napolitano, the interior minister.

"This has happened on April 26 - an occasion which should unite all Italians. And it is on the eve of local elections which should be held in a free and serene environment."

Robert Graham, Rome

Prices for electricity generated for the purposes of the electricity supply and distribution in England and Wales			
Standard Price for Electricity Supply in England and Wales			
Year	Price	Price	Price
1990	12.80	10.71	10.71
1991	12.80	10.71	10.71
1992	12.80	10.71	10.71
1993	12.80	10.71	10.71
1994	12.80	10.71	10.71
1995	12.80	10.71	10.71
1996	12.80	10.71	10.71
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2013	12.80	10.71	10.71
2014	12.80	10.71	10.71
2015	12.80	10.71	10.71
2016	12.80	10.71	10.71
2017	12.80	10.71	10.71
2018	12.80	10.71	10.71
2019	12.80	10.71	10.71
2020	12.80	10.71	10.71

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Corporate Japan hit by gangsters

Mr Y may be one of Japan's *sokaiya* gangsters, but he talks like a corporate activist.

"The problem is that Japanese companies are less transparent than American companies - they have a lot of secrets to hide," he said yesterday. For Nomura Securities, one of those secrets was paying ¥38m (\$300,000) to a *sokaiya*.

When it was forced to admit the payment, several of its biggest customers defected, knocking it from its long-held position as the Tokyo Stock Exchange's leading broker.

'Japanese companies are less transparent than American companies - they have a lot of secrets to hide' - a Japanese *sokaiya* gangster

This week, a third of its board directors resigned, including the president. But most Japanese companies still deeply dislike facing probing questions and will go to great lengths to avoid anything which involves any public loss of face or embarrassment.

Two other large companies, the food group Ajinomoto and retailer Takashimaya, have also faced recent scandals over *sokaiya* payments, which have been technically illegal for 15 years.

The *sokaiya* take their name from the Japanese word for shareholders' meetings - *kabunishi sokai* - since their main "job" is extracting money from companies in exchange for refraining from asking difficult questions at these events.

Yesterday, Mr Y defended his business with vigour. "It is natural that *sokaiya* should be blamed, but you need to blame other things like the police and companies as well," he said. And it is not easy being a *sokaiya*, he said. "We have to have smart questions to ask in shareholders' meetings."

Mr Y uses the Internet to research information on companies, reads "over 10 newspapers a day" and studies legal tracts and industry research papers. He plans to travel to the US next week, to attend Ford's annual meeting, in order to understand how US shareholders behave.

When the *sokaiya* first emerged with a force in the 1950s, their image was distinctly thuggish. But as their fortunes waxed with the economy as a whole, they have become much more sophisticated, as Mr Y's claims indicate.

As Mr Ritsuke Miyawaki, a former Japanese police chief, said: "A lot of *sokaiya* are real financial experts and may know more than company executives."

Most *sokaiya* now own shares in the companies they are harassing. Some even claim to be representing groups of shareholders against the company.

Mr Y said: "We do not just deal with shareholders meetings, but also other claims. In a recent case, for example, we attacked a company over an insurance case."

Anyone wishing to hire the *sokaiya* can find them easily enough. Tokyo bookstores are currently stocking a directory called "Tantoshu Hikkai" 1997, which provides guidance on the *sokaiya* - and advertises the services of 687 of them.

Despite their new image, running some *sokaiya* can be highly dangerous. When the general affairs manager of Fuji Film tried to stop paying the annual ¥400,000 *sokaiya* bribes in 1991, he was slain in a traditional sword attack.

It is claimed that some of Nomura's executives faced similar personal threats. The key to beating the *sokaiya*, some argue, is encouraging managers to become more open - and Japan's traditionally docile shareholders to exert their muscle. "It's all a matter of disclosure," explained an adviser to a securities group.

"After all," he said, "in the west the whole point of shareholders' meetings is to answer difficult questions - we need to get that mentality here."

Some companies are certainly trying to move towards more openness: next month, Takashimaya will open its general meeting to the press for the first time ever, after some shareholders sued its executives for *sokaiya* payments.

Mr Y himself thinks the system will change. "Eventually *sokaiya* jobs will go as Japan moves to a system with ombudsmen and shareholders' law suits," he said. "The key to changing the traditional system of corporate culture in Japan is foreign pressure." But for the moment he gives no signs of changing his own job.

Gillian Tett
Additional reporting by Mitsuko Matsutani

Chemical weapons vote a victory for Clinton

By Edward Mortimer

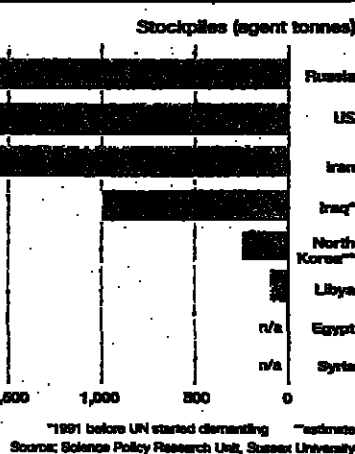
The US Senate's ratification of the Chemical Weapons Convention (CWC) on Thursday night, by 74 votes to 26, marks President Bill Clinton's first big foreign policy victory in his second term.

It shows that his administration can work effectively on foreign policy issues with the Republican-controlled Congress, and will come as a considerable relief to US allies around the world. It is also a blow to the authority of Mr Jesse Helms, the much feared chairman of the Senate foreign relations committee, who carried less than half his Republican colleagues against the treaty.

The convention, which bans development, production, stockpiling and transfer as well as use of chemical weapons, and contains highly detailed verification provisions, is due to come into force on Tuesday. It would have done so anyway, since the requisite 65 countries had ratified it by last October. (The US is the 78th.) But without the participation of the world's leading power, which has a declared chemical weapons stockpile of 30,000 tonnes, its effect would have been greatly reduced.

Now all eyes will be on Russia, the other declared possessor of chemical weapons.

Chemical warfare: who has what?



ons. President Boris Yeltsin sent the convention to the State Duma for ratification on March 17, just before his Helsinki summit with Mr Clinton, and last week Mr Sergei Baburin, deputy speaker of the Duma, said it was desirable for Russia to ratify it before it came into force. But the communists and nationalists who dominate the Duma are up in arms against the proposed expansion of Nato, and may be in no mood for a gesture involving close co-operation with western powers.

Suspicion about Russia's intentions was one reason for hostility to the treaty among US conservatives. In his speech opening the

debate on Wednesday Senator Helms accused the Russians of "pursuing a new generation of chemical agents specifically designed to circumvent the CWC, violating their existing bilateral chemical weapons agreement with the US, and lying about their chemical stockpiles."

Mr Helms and his allies tried to make US ratification conditional on Russia's joining the treaty, but the Senate voted to strip out this and other wrecking amendments.

If Russia does join, it will need financial help. The cost of destroying its 40,000-tonne stockpile was estimated at \$10m in 1993 and will now

probably be higher. Last year the US announced plans for the destruction of its own stockpile by 2004 at a cost of \$12bn. (Some of the US stockpile has already been destroyed, under a law signed by President Ronald Reagan in 1985.)

Support from senior Republicans - including former President George Bush whose administration negotiated and signed the treaty, and Mr Bob Dole, the former Senate majority leader who was last year's presidential candidate - was decisive in getting the treaty through the Senate.

A barrage of radio and television talk-show appearances by the secretary of

US ratification of the treaty banning chemical weapons opens up a \$3bn market for the destruction of US stockpiles, a UK science and engineering company said yesterday, writes Leyla Boulton, Environment Correspondent. AEA Technology, the only non-US company to have received an official badge of approval for its technology to dismantle chemical weapons, is particularly keen to sell the US a mobile plant capable of destroying weapons at more than one site.

Its Silver II technology, developed out of a process to treat contaminated waste from the nuclear industry, turns chemical weapons such as mustard gas and VX into water, salt and carbon dioxide. Mr Mike Watson, executive director for marketing and sales, said the company was now looking for a US partner, such as Bechtel, the construction company, or Lockheed Martin, the defence contractor, to complement its marketing efforts. AEA Technology and three US companies were accredited by the National Research Council as capable of "doing the job" in a competition launched by the US Defence Department in anticipation of the treaty's ratification.

state, Mrs Madeleine Albright, also helped stimulate public pressure on wavering senators.

But the present majority leader, Senator Trent Lott, said he would expect Mr Clinton to reciprocate with concessions on the budget. The administration is already reported to have promised closer co-operation with the Senate on payment of US arrears to the UN, and to have agreed to submit recently negotiated changes in two other treaties - on anti-ballistic missile defence and on conventional forces in Europe - for Senate approval.

Mr Lott also said his favourable vote was much influenced by a last-minute letter from Mr Clinton pledging to withdraw from the CWC if other countries used its provisions to proliferate poison gas technology and endanger US security.

Boat people problem 'coming to end'

By Jeremy Grant in Hanoi

The United Nations High Commissioner for Refugees (UNHCR) yesterday claimed the saga of the Vietnamese boat people was "finally coming to an end" after two decades which saw the largest refugee migration movement since the second world war.

But Mr Sergio Vieira de Mello, UNHCR assistant high commissioner, made a last-minute appeal for asylum for about 1,300 Vietnamese refugees still languishing in camps in Hong Kong who are threatened with statelessness after the handover to China in two months.

Beijing has said it does not want to see any Vietnamese left in the territory once it resumes sovereignty. The 1,300 are part of a total of 3,994 boat people left in Hong Kong and although deemed refugees, governments have been reluctant to accept them because many are drug addicts, convicted criminals or mentally ill. However Mr de Mello said he hoped that "traditional resettlement countries" - mainly the US, Canada, Australian and France - would consider taking the refugees.

But he added: "I must confess that this is more of a wish on my part than a likely outcome. I'm afraid that the majority will not be accepted."

Son of S Korea president begs for forgiveness

By John Burton in Seoul

The tearful son of the South Korean president yesterday begged for forgiveness at a parliamentary hearing, while denying allegations that he engaged in extensive influence-peddling.

The opposition has accused Mr Kim Hyun-chul of pressing banks and other financial institutions to lend nearly \$6bn to the Hanbo steel group before it declared bankruptcy in January.

The 10-hour parliamentary questioning of Mr Kim was considered crucial in determining whether his father's administration can survive one of the country's biggest corruption scandals.

President Kim Young-sam's approval rating has fallen to 15 per cent, while 65 per cent of the electorate believe he should not be allowed to serve out his full term, which ends in February 1998, according to one recent opinion poll.

The president's son, 38, apologised for his "arrogant" conduct in a parliamentary hearing broadcast live on all three national networks.

"I'm praying for forgiveness, praying for my repentance and praying for hope," he said as he accepted responsibility for creating an "enormous social failure".

Such public displays of remorse by influential figures are expected in Korea, where Confucian tradition requires that social leaders should be morally unblemished and above reproach. Prosecutors are expected

to question Mr Kim shortly on allegations that he accepted bribes for influence-peddling in the Hanbo affair and other matters, including government appointments and foreign contracts. Investigators have suggested that he will soon be arrested. "I will accept punishment if I am guilty of a crime," he told his parliamentary questioners.

The Kim administration has already been shaken by the trial of 10 businessmen and politicians, including several close associates of the president, for their involvement in the Hanbo bribes-for-loans scandal.

The opposition claims Hanbo helped finance the president's 1992 election campaign, which his son helped manage, in return for a promise that the government would arrange the bank loans to the steel group.

The junior Kim denied rumours he kept unspent funds from his father's 1992 election campaign and had asked the founder of the Hanbo group to help launder the money. Prosecutors are probing charges that the president's son took a Won200bn (\$224m) kickback from a business associate acting as an agent for Hanbo on the purchase of steelmaking equipment from a German company. He is also accused of influencing government policy on North Korea, including allegedly helping arrange Hanbo's investment in a North Korean steel mill.

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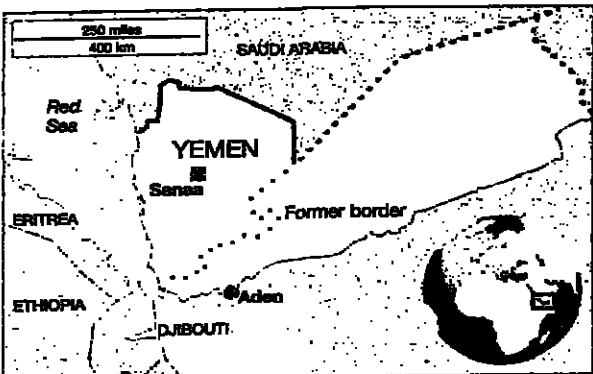
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Unity the theme for Yemen election

Unity is the overriding theme for nearly 5m Yemenis who go to the polls tomorrow to elect a new parliament in the country's first general election since the bloody 1994 civil war, which left President Ali Abdullah Saleh in firm control. The elections will also be the first to be held free of threat or fears of a southern secession.

They will, officials and western diplomats agree, give the president and his party, the General People's Congress (GPC), an opportunity to demonstrate that he has not just national control, but nationwide support.

More than 2,300 candidates are competing for 301 seats. The GPC is expected to retain an overall majority, while its erstwhile partner, the Islamist Yemeni Reform Group (Islah), could divide the rest with independents. Because of the 20 per cent illiteracy rate, symbols are being widely used by the 12 political parties and independents to identify their cause. The GPC, for example, has chosen the horse: Islah the sun. One independent is said to be using a mobile telephone as a symbol: others camels, falcons, dinosaurs, rifles, chalk and water wells.



The Yemen Socialist party (YSP), the former ruling party of South Yemen before unity with the north in May 1990, is still officially boycotting the elections, although some dissident members are standing as independents.

The issues and national priorities confronting the country can be summed up thus: how to make ends meet. Yemen is a small oil producer, some 395,000 barrels a day. It is also poor, with a 1996 per capita income of only \$280, half that of Egypt and two-thirds that of India and Pakistan. Under an IMF-inspired economic restructuring programme, President Saleh has

unified the six exchange rates that existed two years ago, brought annual inflation down from over 100 per cent to 7 per cent, and cut subsidies. As a result of subsidy cuts, the cost of living has soared.

Observers agree the mere fact the election campaign has been conducted peacefully is a remarkable achievement, given Yemen's long and turbulent history as a country where Russian-made AK-47 Kalashnikovs outnumber its 16m population by three-to-one.

Yemen has been one country only since 1990. For hundreds of years the northern part had been ruled by autocratic imams from their cap-

ital. Sana'a, until their authority was challenged by republicans in 1962 and they were finally ousted in 1967. President Saleh seized control in 1978 and surprised almost everyone, not only by surviving, but by successfully consolidating his power.

But even today the writ of the central government does not always carry to the independent tribes of the central highlands and desert areas covering an area twice the size of the British.

Tribal kidnappings of government officials and foreigners is routine, though no foreigner has ever been harmed.

Historical experience in the southern part of the country could hardly have been more different. For centuries small localised populations had been ruled by numerous Sultans until the British took Aden as a coaling-station in the 1820s to secure supply lines to India.

After the British withdrew in 1967, hard-line Marxist nationalists seized power in Aden and all over the former South Arabian Federation. Local Sultans were liquidated or, with thousands of others, fled abroad. When the Soviet Union

disintegrated in 1989, South Yemen collapsed with it. Within a year, the YSP leadership embraced the illusory panacea of unity.

Disillusion, however, quickly set in. The YSP found its influence circumscribed by the power of Sana'a, and many resented southern oil revenues going into coffers controlled by the more populous north.

Resentment increased when President Saleh's decision not to condemn Iraq's invasion of Kuwait in August 1990 caused a cut-off of all western aid, as well as expulsion from Saudi Arabia of nearly 1m Yemenis who had lived and worked there for generations.

It was in this climate of mutual accusations of disloyalty, ballot-rigging and a southern sense of injustice, that the 1993 national elections were held.

This time round it is different. Many southerners are resigned, if not reconciled. But the main achievement will be that the free elections took place at all. Yemen is, by common consent, setting an example that none of its neighbours has yet dared to follow.

Robin Allen

COMMENT & ANALYSIS

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Saturday April 26 1997

Passing the global torch

Poor old Ken Clarke. By rights the UK chancellor ought to be heading off to Washington this morning to talk jazz tunes and international finance at the International Monetary Fund's spring get-together. Instead he will be pounding the pavements at home in a last-ditch effort to save his party from rampant Europhobia on the one hand and a new Labour government on the other.

His French counterpart, Jean Arthurs, about to embark on a more hopeful election battle at home, may sympathise with Mr Clarke's plight. But most of the finance ministers from the other Group of Seven economies gathered on the Potomac will be more pleasant matters before them, namely the unusually benign prospects for the global economy and how long they can be expected to last.

To hear the IMF tell it, these are halcyon days for the world's economies. The organisation did not quite put it that way in its latest survey of economic prospects, published on Wednesday (the phrase was "generally propitious"). But the message was solidly optimistic.

The IMF expects growth in the advanced economies to pick up to a very respectable rate of nearly 3 per cent in 1997 and 1998, up from 2.4 per cent in both of the previous years. Inflation, meanwhile, will be more or less unchanged for the group as a whole, averaging 2.4 per cent this year and the next.

Even better news comes from the developing countries, which are expected to achieve around 6.4 per cent annual growth during the next two years. Best of all, the long-suffering countries of transition are reckoned, finally, to be exchanging post-communist depression for an authentic capitalist upturn. These economies are expected to grow by 3 per cent this year, and 4.8 per cent in 1998.

Useful counterweight

Such an IMF-eye view of the world will be a useful counterweight in the discussions in Washington to the more parochial outlook of the G7 finance ministers. Not least because quite a few of them – Japan, France and Germany, to be exact – have bucked the recent growth trends so glowingly described by the IMF.

Although the developing world has done its part to sustain the global upturn, there is no getting around the central role of the US, the country which was last in to recession

in the early 1990s, and first out. Since 1992 the US locomotive has received able support from the UK and a clutch of smaller European countries. The US and UK economies have both grown by about 13 per cent since March of that year.

Compare that to the increase of between 5 per cent and 6 per cent in the French, German and Japanese economies over the same period and you have the measure of the asynchronous global expansion. But this cannot be expected to last indefinitely.

Sustainable recoveries

Arguably, stagnant demand conditions in much of continental Europe and Japan have helped underpin the US and UK recoveries more sustainable by pushing up the value of the dollar and – more recently – sterling, and helping to keep a lid on price pressures. Yet this is not much comfort to the unemployed in continental Europe and Japan, nor, increasingly, to exporters coping with a much higher exchange rate.

The role of foreign demand in supporting the continental economies is well illustrated in the forecasts for the German economy released earlier this week by the country's leading economic institutes. They predict growth this year of 2.25 per cent, of which net exports will account for fully 1.9 percentage points.

With luck, the laggards in the global expansion will not have to rely on growth in foreign demand much longer. Indeed, it is partly the signs of domestic consumption picking up in the main continental economies and Japan which make the IMF's forecasts so optimistic about the next few years. The UK, and most likely the US, will have to apply the brakes to their own recoveries over the months ahead. Wage pressures, visibly on the rise in Britain, are also becoming a worry in the US. Ideally, both economies will manage to achieve a soft landing – or put off the need to "land" at all – just as continental Europe and Japan are emerging from the doldrums.

The hope, then, is that the torch of recovery might be passed smoothly and happily from one group of economies to another. This outcome is not guaranteed: growth in Japan, in particular, may well disappoint. But the very fact that it is a possibility is yet another reason for Mr Clarke to wish for victory next Thursday.

The French are scarcely a people to underestimate the importance of what they do to the rest of Europe. But the main protagonists in France's new election campaign may not fully realise what is at stake for Europe in the battle leading up to ballots on May 25 and June 1.

The Euro-debate in France is not quite as fundamental as in the UK. Even the far-right National Front, which has become the country's most vociferously anti-European party, demands only that France denounce the 1992 Maastricht treaty – not quit the EU for good. The French basically know they are in Europe to stay.

But, with monetary union as its motor, the European Union has become the locomotive of change even more in France than in other European countries. This is partly because with its often-awkward split in the executive between president and prime minister, weak party structure, feeble parliament and disruptive trade unions France appears to find change harder to achieve than parliamentary regimes elsewhere in Europe.

The nature of the change wrought by Europe is difficult for many French to stomach. The EU's founding treaties may have been largely drafted by a Frenchman, Jean Monnet, but he was heavily influenced by his American anti-trust lawyer friends into projecting a large degree of free-market liberalism (except in agriculture) and competition rules.

France, even under Prime Minister Alain Juppé's centre-right government, has thus found itself fighting a rearguard action against Brussels over limits on government aid to state companies and the monopoly privileges of the French public utilities.

Only the National Front and most Communists adopt a stop-the-world-we-want-to-get-off attitude in rejecting the *mondialisation* – globalisation of the French economy. But the mainstream election debate is already about the pace of change. Most of the ruling centre-right is seeking a new five-year mandate to proceed with the recent Juppé reforms. Some liberal hot-heads in its ranks – such as followers of Mr Alain Madelin, the first finance minister during Mr Jacques Chirac's presidency – want to go faster.

The Socialists have seized on the urgings of these liberals to brand the whole centre-right as "reactionary". But the Socialist party is not hard to paint as "archaic" – and Mr Juppé is already doing so – because it is against structural reforms such as sharp cuts in France's 2m civil service.

Mr Lionel Jospin, the Socialist leader, is making "changing the future" his slogan, albeit an ambiguous one. And his party accepts a slimming down of the French state and its spending – though not necessarily in order to achieve the Maastricht target of a public deficit below 3 per cent of gross domestic product to qualify for the single currency.

On close questioning this week, the Socialist party said it would not after all seek to reverse the planned privatisation of France Telecom and the Thomson-CSF defence company because, *Meas-*

Common coin of debate

France's election is being fought over the pace of change, says David Buchan



tricht oblige, it would not have the money to do so.

This snap election should, on balance, favour incumbents, overwhelmingly of the centre-right. The four previous ones – 1962, 1968, 1981 and 1988 – were all won by the presidents that called them.

The size of the government majority – 484 out of 577 seats – makes some losses inevitable. But with a poor record on unemployment – which stands at 12.8 per cent – it has chosen a short campaign to give it the greatest advantage. The brevity of the campaign, officially from May 5 to the final round of voting on June 1, gives less time for challengers to get going.

The first week has already seen one very close poll projection, that of Ipsos on Thursday which

gave the left and its allies 284 seats against 292 for the centre-right. Although this was well out of line with other polls which favour the government, it briefly shook the bourse. But given the suddenness of the election, all polls should probably be mistrusted at this stage.

Yet Mr Jospin has proved himself a vote-getter. He won 48 per cent in the 1995 presidential contest, aided by the civil war inside the Gaullist party between Mr Chirac's supporters and those of Mr Edouard Balladur. And Europe has proved it can divide the French just as evenly, a shade under 49 per cent voted against ratification of the Maastricht treaty in 1992.

The mainstream left and right therefore know that Europe as an issue carries great electoral

opportunities and challenges. Opportunities if the issue aggravates splits among opponents; challenges if opponents can foster divisions.

Nonetheless, Mr Chirac was, apparently, until last winter, still giving some weight to the idea of a referendum later this year on Europe. Rather than a direct rerun of the Maastricht plebiscite on the single currency, he was thinking about a vote on the "softer" aspects of the EU's institutional reform and enlargement to the east in the wake of this year's negotiations.

The plebiscite would have redeemed a campaign promise. It would have the merits of giving the president an up-front campaign role. Pro-European Socialists would have been neutralised and the National Front and Commu-

nists forced together where, the former's racism apart, Mr Chirac believes they broadly belong.

Having, however, been reminded by Bonn of the near inevitability of Europe caused by the 1992 referendum, Mr Chirac decided to send Mr Juppé into battle in a different contest.

Personally, Europe is an easy issue for Mr Juppé, who comes to his pro-EU and pro-Euro position without any of the waverings that have afflicted his Elysée master in the past. But the prime minister has to move warily to avoid inciting Eurosceptics within his own Gaullist party such as Mr Philippe Séguin and Mr Charles Pasqua.

Most wracked by tension over Europe are the Socialists. The party never really debated monetary union which was imposed by the late President Mitterrand. It is therefore not surprising that after seeing the impact on the French economy of the franc fort policy and efforts to meet the Maastricht targets that the party's views on the euro have changed.

There is agreement between the government and the Socialists on three conditions for proceeding with the euro: the creation of a political counterweight to the independent European central bank; promotion of growth and jobs as well as monetary stability; and ensuring the euro is not overvalued against the dollar.

But the party leadership also believes Italy and Spain should join France as founder-members of the euro – to politically balance the more rigorous Germans and their allies. This is likely to be more divisive in the campaign: to hope that other Mediterranean countries join France is one thing; to insist they do as a political precondition is unacceptable to Bonn. This is well understood by those inside the party with their ears well-tuned to the debate in Germany – such as Mr Jacques Delors, former president of the European Commission.

Yet Mr Pierre Moscovici, the prime author of the party's economic platform, this week attacked Brussels's gloomy prognosis of Italy's chance of qualifying for the euro. The broad Socialist line is to say that if they came to power in Paris they would seek to negotiate a deal with Bonn that somehow softened the Maastricht criteria.

All this is music to the ears of the Communists, whose leader, Mr Robert Hus, has hailed the Socialists' "positive evolution" on the euro.

One or two Communists have evolved a bit themselves. A politburo member this week suggested that, instead of a single currency, Europe should aim at a common currency based on the present Ecu basket. But this was precisely the "hard Ecu" proposal of a Mr John Major, then UK chancellor of the exchequer, in 1990, and only emphasises that French Communists are years behind the current debate.

If the Communists were to have much influence on a Socialist government, the euro could be in great peril. Much more is at stake in this election than simple party advantage in the National Assembly.

LETTERS TO THE EDITOR

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Investment churning leads managers to focus on short-term share support

From Mr Terry Thomas.

Sir, Barry Riley cites new evidence ("Short-termism revisited and recalculated", April 16) that suggests that institutional investors, far from acting in a short-term manner, in fact hold the majority of stocks for a "typical holding period" of 18 years.

However, he ignores the significance of the constant "tactical adjustments" to which he refers when fund managers churn their holdings. This churn means that senior management develop a bias towards a focus on the short-term support of their share price rather than the long-term

development of their business.

In addition, as Tony Jackson highlighted recently in the Financial Times ("The dividends dilemma", March 29), there is also a "malaise" of high dividends and low investment, although he indicates that UK companies do this because "they are told shareholders can achieve better returns than they can themselves".

Institutional investors need to realise they do not act in a vacuum and the end result, as the Commission on Public Policy and British Business has argued, is that many industrial and com-

mercial companies remain hampered by a "short-term deal-making approach".

Encouraging "far-sighted management" remains a pressing objective for society and any institutional investor concerned with Britain's success in the 21st century. Barry Riley's arguments do not relieve them of this responsibility.

Terry Thomas, managing director, The Co-operative Bank, PO Box 161, 1 Balloon Street, Manchester M60 4EP, UK

Getting stuck on basics

From Ms Barbara Green.

Sir, Lucy Kellaway's description ("If music be the food of love, play on", April 21) of fuds – fears, uncertainties, doubts and suggestions – reminds me and my husband of the 1970s "bog roll syndrome". Few management gurus and PCs then, but there were some simple round-the-table discussions with employees. Whatever the organisation and circumstances it often proved difficult to extract ideas that would take us forward as a team. Such meetings generally stuck on the quality of the soap and other lavatorial accessories.

Perhaps management theory should have stopped at Hawthorne and Maslow – although Monday's FT would not then provide such light relief.

Barbara Green, Suzon 162, Mijas-la-Nueva, Mijas 29650, Malaga, Spain

Preoccupied with much more weighty matters

From Dr Gordon Wilkinson.

Sir, We wanted to know the accepted international standard abbreviations for Norwegian kroner, Finnish marks and certain other currencies – NOK,

FIM etc. – and sought the answer by telephoning the Bank of England.

Clearly not interested in matters outside the UK just at the moment, the bank told us to con-

tact travel agent Thomas Cook.

Gordon Wilkinson, managing director, Infocorn, East Grinstead, UK

FT-SE 100 Index in danger of unhealthy domination by banks

From Mr Martin E. Simons.

Sir, With the FT-SE 100 index dominated by nine banks – shortly to be augmented by the Alliance and Leicester, Halifax and Woolwich – 14 utilities and other privatised enterprises, seven insurance groups and other large security holders, it is timely to widen the composition of this key index so that the risk of instability and undue oscillation is reduced and more industrial groups are included. That would make the index more akin to Standard & Poor's 500.

While shareholders are untidily informed that black holes only occur at competitors, our bankers do not have a particularly good record of prudence. The superb returns currently being earned on shareholder funds by some is encouraging a genuine rush of building societies, insurance companies and retailers into banking. While the Norwegians and Swiss, to quote but two examples, are endeavouring to reduce the number of banks, the reverse is happening in the UK. This will inevitably

bring inexperienced, more competition, greater risk-taking and danger of a significant upset. That, in turn, could gravely affect the index and confidence. Uncertainty about windfall taxes on utilities, a levy which could readily be extended to others, increases the risk of destabilising the index, while the huge centralisation of our three leading pharmaceutical groups represents potential danger.

The explosive growth of tracker funds is a further potential rogue factor.

Escalating election of famous companies from the index to allow room for ever more financial institutions and utilities will increase the cost of raising funds for those not favoured.

The Financial Times has the opportunity of injecting, as a matter of urgency, enhanced credibility and greater stability for its authoritative key index by widening its scope.

Martin E. Simons, 24 Grand Avenue, London SW16 6EA, UK

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Rift with Ulster farmers widens as commissioners doubt traceability of BSE in mainland UK

EU damps hopes for end to beef ban

By Maggie Urry and Caroline Southey in Brussels

Hopes for an early lifting of the European Union's ban on UK beef exports receded and a rift between farmers in Ulster and the rest of the UK widened yesterday, after the leaking of the contents of a letter from Ms Emma Bonino and Mr Franz Fischler, European Commissioners, to Mr Douglas Hogg, the British agriculture minister.

The letter, dated April 11, was a critical response to a "certified herd scheme" put

forward by Mr Hogg in February in an attempt to start lifting the ban. The scheme involved tracing cattle movements to make sure animals for export were not from any herd which had had a case of BSE in the last six years.

The EU imposed a ban on all UK exports of beef in March last year after a possible link was made between bovine spongiform encephalopathy - "mad cow" disease - and a new variant of Creutzfeldt-Jakob disease, the fatal human brain condition.

In the letter Ms Bonino,

who is responsible for food safety, and Mr Fischler, the agriculture commissioner, raised doubts over the effectiveness of the UK's cattle movement records in ensuring animals were BSE-free.

They said the computerised tracing system in Northern Ireland meant the scheme could be "relatively simple" to manage there, but that the paper-based records of cattle in mainland Britain meant that "the certification of these animals will depend on the declarations made by the farmer".

Under an earlier export

certification scheme, operated before the ban, there had been some evidence of false declarations, said Mr Ian Gardiner, policy director of Britain's National Farmers Union.

He said the commissioners would have been aware of those incidences when writing the letter. "We have to demonstrate the industry is recording all its movements properly in practice not just in theory," he said.

Mr Walter Elliott, president of the Ulster Farmers Union, welcomed the letter, saying it indicated "the

European Commission is sympathetic to the circumstances within Northern Ireland".

He called on the UK government "to pursue separately the case for the province". Failure to do so to date was "one of the greatest injustices ever suffered" by Northern Ireland's farmers, he said.

Meanwhile, Mr Sandy Mole, president of the National Farmers Union of Scotland, accused Mr Hogg of seeking "special status for Northern Ireland". He said that the fact that Northern

Ireland's records were on computer rather than on a file did not make them more accurate. Mr Mole said the commissioners' response to the scheme was "deeply worrying for Scotland's beef farmers".

A Commission official said the letter contained "initial comments" from the two commissioners. The Commission would only take a formal view on the UK proposal after it had been considered by the EU's standing veterinary committee, which is due to report by the end of May.

Low profile for Labour's last leader

Lionel Barber finds Neil Kinnock harbours regrets

Neil Kinnock reaches for his third cigarette. Half an hour has passed, and the former leader of Britain's opposition Labour party still acts like a man tiptoeing through a minefield.

With one week to go in the UK election campaign, the European Union commissioner for transport knows his every word will be scrutinised at New Labour headquarters in London.

But as the smoke in his Brussels office coils upwards toward a portrait of Beethoven - his favourite composer - Mr Kinnock finally lets down his guard.

"If I had my time again," he says, "I would take away those four seconds of my life."

Five years ago almost to a day, Mr Kinnock was in Sheffield in the north of England. Labour was leading in the opinion polls. Just as in this year's campaign, victory over the ruling Conservative party appeared tantalisingly within reach.

What happened next has gone down as a historic blunder. Labour held a rally which turned into a premature victory celebration. Mr Kinnock was cast as demagogue. Labour's lead evaporated. The Tories were returned to office.

During an hour-long interview in Brussels, Mr Kinnock agreed to relive the Sheffield rally, while also discussing Europe's role in the UK election campaign, New Labour's campaign tactics, and the future of the Conservative party.

He began by defending Labour's appropriation of the Tory bulldog as a campaign motif. The party had to neutralise the Tory's appeal to patriotism, whether on devolution of

political power to Scotland or European integration. In this sense, Mr Jacques Santer's attack on Eurosceptics as "merchants of doom" was unhelpful. The Tories seized on the Commission president's remarks as proof of the European Union's federalist ambitions.

"We all live and learn," said Mr Kinnock.

Like his fellow UK commissioner Sir Leon Brittan, Mr Kinnock has been virtually invisible in the campaign. Both deny they have been "muzzled" but their low profile underlines the sensitivity of "Europe".

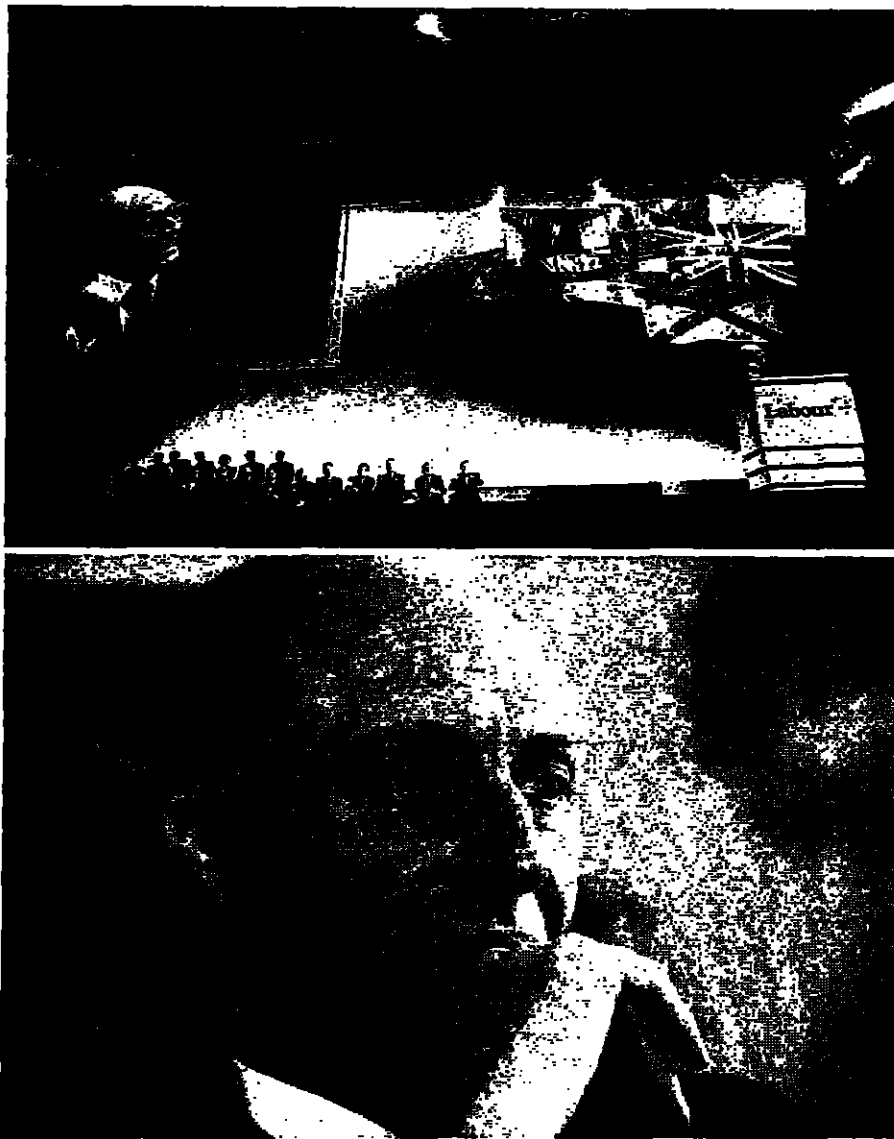
Mr Kinnock first came to Brussels in 1995, giving him a ringside seat in the battle between Britain and her EU partners on political integration. So where has Mr John Major's government gone wrong?

"They operate on two levels. One is very rational, taking the opportunities which arise... but then there are gestures made to impress the domestic audience," he says. "Member states become concerned about the degree of dependability. The government loses its weight."

He adds: "We are not going to help the future of the EU by standing apart. Do we or don't we want to have a role? In Europe we have our neighbours, our customers, and increasingly our trading partners. Nothing can detach ourselves from that reality."

Surely Mr Tony Blair in Downing Street would be trapped by the same constraints of British public opinion? "A prime minister Blair would be very assertive, but assertiveness only gains weight when it is used sparingly."

Mr Kinnock remains loyal



Top: Labour's 1992 rally in Sheffield, which Neil Kinnock unwisely allowed to become a premature victory party. Below: painful memories of the rally still linger five years on

to Mr Blair, even though his successor has ditched socialism and spoken effusively about Mrs Margaret Thatcher, his invincible opponent in the 1980s in Britain.

"Elections are wars," he says, "the mind of the party and the leadership has got to be exclusively focused on fighting to win. I just hope all the parts of the army stand."

Mr Kinnock has no doubt New Labour will win. He reckons their lead in the polls will tighten, but the margin should still be at least 40 seats - a decent majority. The Tories face a split over

Europe, formal or informal.

Yet memories of the 1992 campaign still linger - and they are almost as painful as the subsequent interpretation that Mr Kinnock "blew it" in Sheffield. This is a myth, he declares.

Reluctantly, he took up the tale. It was, he said, "the last push". Someone proposed holding a rally in which Labour's would-be government team would walk through darkness on to a stage which would suddenly be flooded with light.

He dismissed the idea as pompous, but on the night the mood of the crowd was irresistibly festive.

"I got to the steps and helped David Blunkett

[Labour's blind education spokesman] up on to the stage and walked very calmly. Then the noise hit us like an explosion.

"I just instinctively said: 'Well all right' - like at a jazz concert and at a rock concert. I said it three times, and the audience started to respond."

"I said: 'Now calm down and let's get some talking done.'"

The experience speaks volumes about Mr Kinnock's temperament.

Five years later New Labour is leaving nothing to chance. Whatever private campaign advice he is dispensing, Mr Kinnock's public role is redundant.

Farmers to press for £500m payout

By Maggie Urry

Farmers' leaders are to press the government for more than £500m (\$810m) in compensation over the next three years because the strength of the pound will "substantially" reduce farm profits. A further £200m will be due if sterling stays at present levels and triggers another revaluation in June. Half the total would be payable in the current year.

Mr Ian Gardiner, policy director of the National Farmers Union, said as soon as a minister of agriculture had been appointed after next week's general election, the NFU would be "knocking on the door".

So far the UK government has not applied to Brussels for a compensation package, although the Irish government has agreed a similar deal to offset the rise in its currency this year. Other European Union countries which have had revaluations in the past, such as Germany, Belgium, the Netherlands and Denmark, have received compensation.

Mr Douglas Hogg, agriculture minister, said he is "not minded" to apply for the compensation. His reluctance is partly because the UK government would have to pay half the compensation, with some of the other half being clawed back by Brussels from the UK's budget rebate.

Sterling's repeated devaluations against other European currencies since leaving the exchange rate mechanism in 1992 have lifted UK farmers' profits. In 1996, UK farm incomes dipped by 5 per cent, but they are widely forecast to fall more sharply in 1997 and beyond. Mr Gardiner said the outlook for profits was "extremely worrying".

The rise in sterling against other EU currencies has already caused two revaluations of the "green pound" - the exchange rate at which EU prices and payments are translated from Euro to sterling - this year.

When the green pound is revalued, support prices fall in sterling terms, cutting farm incomes. Under EU rules, national governments can ask for compensation if a revaluation is deemed appreciable - meaning it more than reverses devaluations in the previous three years.

The revaluation in January was partially appreciable, to the extent of 3.27 per cent of the total 5.4 per cent change, while the whole of the March revaluation of 3.26 per cent was deemed appreciable. A third revaluation, of 2.3 per cent, would be triggered on June 5 if the pound remains at its present level.

UK NEWS DIGEST

Bomb chaos hits Midlands

Suspected Irish Republican Army terrorists brought renewed chaos to road and rail links in the English Midlands yesterday. A bomb exploded at the foot of an electricity pylon and a series of warnings led to the closure of long stretches of motorway, Luton airport, near London, was also closed for several hours following a bomb alert.

The security alerts led to the closure of parts of the M6 motorway around Birmingham and sections of two other motorways. The police continued their search along sections of the M6 for most of the day. A 15-mile queue built up on the M6 at one stage and there was a six-mile jam on another motorway. The search was the sixth attempt to disrupt transport in the run-up to next Thursday's general election. Government nervousness about the terror campaign and its determination to minimise its impact was underlined yesterday when the Home Office issued detailed security instructions to electoral officials.

The current security assessment is that the IRA will continue its campaign of disruption on the mainland up to polling day. Although there is no specific intelligence that the IRA intends to bomb polling booths, the security services have not ruled out the possibility of disruption on May 1. *Jimmy Burns and Charles Batchelor, London*

INWARD INVESTMENT

PCB leader picks European base

Viasystems, a fast-growing US maker of printed circuit boards, has chosen the UK as the centre for its European business operations. The company has set its sights on becoming the world's biggest PCB producer.

Based in St Louis, Missouri, Viasystems took over as Europe's biggest producer of PCBs this week after buying for an undisclosed sum Interconnection Systems, a privately held PCB maker based in South Shields, in north-east England. About \$30m of printed circuit boards - used in most types of electronic goods - are sold worldwide each year. Output is growing at about 8 per cent annually. Viasystems has set up a European headquarters in London which will supervise production from its manufacturing operations in the UK and continental Europe.

The company's UK factories include the South Shields plant of Interconnection Systems, plus others run by Forward, a publicly quoted company which it bought last month for £128m. Production from Viasystems' UK plants this year should total some \$400m. "The UK gives us a sound technology base, with solid processing skills and low costs," said Mr Bob Mills, president and chief operating officer of Viasystems. *Peter Marsh, London*

ELECTRICITY

Regulator to reject prices report

Oftel, the Northern Ireland electricity and gas regulator, yesterday cast a cloud of uncertainty over the utilities industries by warning it would reject a Monopolies and Mergers Commission report into electricity prices in the province.

The decision on the prices charged by Northern Ireland Electricity, the privatised distribution company, could upset the framework for utilities regulation in which the MMC functions as an appeal court in disputes between companies and their regulators. City analysts said it was "almost unprecedented" for the regulator to refuse to carry out a report by the MMC. Mr Nick Pink, utilities analyst at SBC Warburg, the investment bank, said: "It's a watershed."

Mr Patrick Haren, NIE chief executive, pledged to fight the regulator. The company said "We are consulting our lawyers but we don't believe [Mr Haren] has the option to reject the MMC's findings." The MMC's proposals were broadly in line with stock market expectations, but Oftel's rejection came as a surprise. In a statement to the stock exchange, Mr Douglas McDoom, the regulator, said he would not accept the modifications to the NIE licence "without an adjustment". *John Murray Brown, Belfast*

HOME ENTERTAINMENT

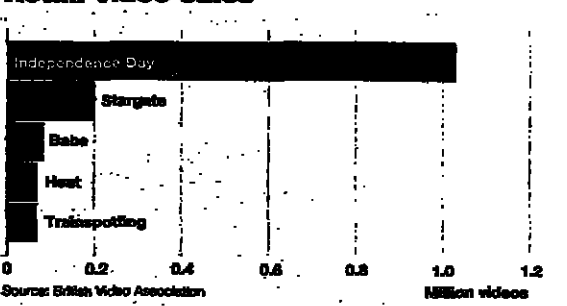
Blockbuster helps lift video sales

The video retail market showed strong growth in the first quarter of this year, fuelled by the popularity of the video version of *Independence Day*, last summer's Hollywood blockbuster, which has already sold more than 1m units. Its success contributed to a 14 per cent increase in video sales during the quarter to 11.8m units worth £120m (\$194m), according to the latest figures from the British Video Association.

After *Independence Day*, the second best selling feature film on video was *StarGate*, followed by *Babe*, *Heat* and *Trainspotting*. Children's animated films also sold well during the quarter, particularly in the approach to Easter. *Hunchback of Notre Dame* became the number one animated title after selling 563,261 copies, followed by *Winnie the Pooh* with 176,630 and *James and the Giant Peach* with 152,289.

The first quarter buoyancy continues the video retail market trend of recent years. The market, which barely existed until the mid-1980s, was worth £203m in 1996, when it grew by 8 per cent compared with 1995. *Toy Story* and *101 Dalmatians* were the best selling videos of the year. *Alice Ransworth, London*

Retail video sales



Major in pledge to defend pensions

By John Gapper

Mr John Major, the prime minister, insisted yesterday that he would step down rather than abolish the state pension, as the two main political parties clashed over pensions reform with under a week to go before the general election.

Mr Major's pledge to defend the basic pension entitlement came as the main opposition Labour party maintained its criticism of the ruling Conservatives' proposals to move a pay-as-you-go state pension scheme to a fully-funded scheme based on individual

The general election campaign

funds. The proposals envisage a phased shift to fully funded pensions by 2040 to avoid the squeeze on the current system of state pensions created by a rise in the number of pensioners compared with people of working age.

Although Labour has promised to review state pensions, it has attacked the Tories for "abolish the state pension". The Conservatives have pledged to guarantee a minimum pension.

Mr Major yesterday

described Labour's attack as "absolutely contemptible", adding that if ministers voted to abolish state pension guarantees against his wishes "I would not only leave Downing Street, I would leave politics".

The exchanges between the parties over the issue came amid a rise in the temperature of the campaign. However, there has been little consistent evidence that Labour's strong lead in the opinion polls has been dented by the Tories.

Polls have continued to show Labour with a lead of up to 20 percentage points, despite one poll in midweek

that showed the party's lead dipping.

Mr Major argued that Labour knew that its claim was false, but was scaremongering. "It really does bring politics down into the gutter when people bring charges like this that they know in their hearts to be false," he said.

Mr Tony Blair, the opposition leader, said Labour had the right to ask detailed questions on the Conservatives' pension policies. He said that it was unclear how a £150m (\$243m) gap in the scheme's funding over 40 years would be filled.

Separately, the Labour

party presented proposals to reduce teenage and violent crime. The Conservative party has in the past been seen as the party of law and order, but Mr Blair claimed that Labour had more effective policies.

The centre party Liberal Democrats continued to argue that it was the only party willing to increase spending on health and education by a significant amount through taxes. *Twilight of era: Page 7*

More news of the election campaign can be found at the Financial Times website: <http://www.ft.com>

Official figures strengthen calls for higher interest rates after general election

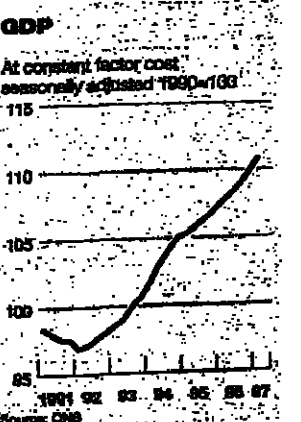
Fastest economic growth for 2½ years

By Richard Adams, Economics staff

Economic growth in Britain has accelerated to its fastest rate for two-and-a-half years, strengthening calls for the brakes to be applied to prevent higher inflation.

The data for the first quarter of 1997 show service industries continuing to outstrip manufacturing, as robust consumer spending contrasted with weak exports.

Gross domestic product rose by 1 per cent between the last quarter of 1996 and the first quarter of 1997, the Office for National Statistics said yesterday.



National output in the first quarter of 1997 was 3 per cent higher than in the

same quarter last year - both including and excluding oil and gas production. The economy grew by only 2.6 per cent in the year to the fourth quarter of 1996.

The economy grew at a rate equivalent to 4 per cent a year in the first quarter, well above the rate that has proved sustainable in the past without lifting inflation. In the last 20 years, the UK economy has averaged growth of 2.6 per cent.

Ms Marian Bell, Treasury economist at the Royal Bank of Scotland, said the next chancellor would have little choice but to raise interest rates after next week's general election.

"It is increasingly obvious that we are now in the midst of a boom," she said. Inflation remains weak within the UK, with the government on course to meet its target of 2.5 per cent in coming months. But the rapid rate of growth in the last quarter suggests higher inflation is on the horizon.

Most analysts expect the next chancellor to agree to the Bank of England's demands for a base rate rise from 6 per cent to 6.25 per cent. But Ms Bell said the latest figures might require a steeper hike. "It's quite possible after this data that the Bank will ask for half a percentage point," she said.

One factor likely to spur further growth is "windfall" bonus payments from former building societies converting to bank status. The RBS said payouts to investors this summer could mean a £10bn injection into the economy, which could push GDP growth to 5 per cent.

Growth in the service industries is already outpacing the rest of the economy. Service production grew by 1.2 per cent in the first quarter, compared with 1.1 per cent in the previous quarter. That meant services grew by 3.9 per cent in the last year, the fastest rate since 1994.

Lex, Page 24

Britain favourite to win likely Hyundai car plant

By John Griffiths

Hyundai, South Korea's largest carmaker, is at an advanced stage of a feasibility study for a European plant to build 100,000 cars a year. It expects to make a final decision by the end of this year, with the UK as the favoured location.

If the final go-ahead is given, Hyundai Cars would aim to bring the plant on stream just after the end of the decade, creating at least 2,000 direct jobs and many more indirectly.

A number of potential UK and continental European sites have undergone exten-

sive scrutiny. The three leading contenders are understood to be in the west country, near Bristol's Portbury Docks, the former import centre for the nearly 20,000 Hyundai cars sold annually in the UK; north-east England, on a site not far from Nissan's car plant at Sunderland, Tyne and Wear; and Scotland, where Hyundai is investing in electronics manufacturing facilities.

Mr Chung Mong-Gyu, Hyundai's chairman, said the company needed to satisfy itself fully that Europe's car market was capable of absorbing the output of 100,000 units of a single

model that the plant would produce. Hyundai's European sales reached 160,000 vehicles last year. However, these were spread over a number of models: the Accent, Lantra and Sonata saloon and estate car ranges, plus a coupé model.

Currently the biggest seller is the Ford Escort, which had European sales of 80,000 last year.

Sourcing the Accent, or its successor, from within Europe, in combination with an increased marketing and distribution initiative, is understood to be Hyundai's favoured course of action.

COMMODITIES AND AGRICULTURE

Interest focuses on palladium

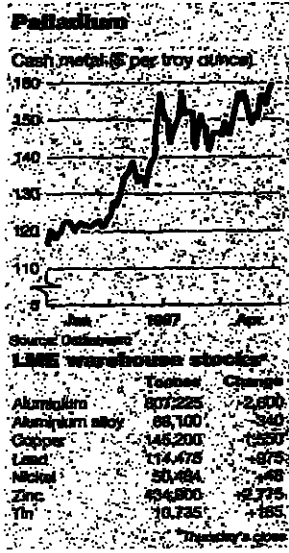
MARKETS REPORT
By Gary Mead

There was renewed interest in the precious metal palladium yesterday, when the afternoon "fix" in London was set at \$151.50 an ounce, \$2.50 up on the previous level and its highest level since May 31 1995, when it reached \$163.

Analysts said the jump resulted from persistent tightness in the physical market and continuing confusion over when Russian supplies to Japan might start. With 90 per cent of the world's production, Russia is the highest supplier of palladium, used mainly in vehicle exhaust catalysts and electronic components.

One analyst said: "Officials from the Russian central bank have been in Japan this week talking about metal sales and that, ironically, has contributed to Japanese nervousness over palladium. Normally Russian finance ministry officials deal with this and the change has unsettled Japanese views about what's going on. Russian export decrees haven't been signed, so everyone is being cautious and just making sure they don't run short of this metal."

Copper spent a quieter day on the London Metal Exchange than for much of the week, amid thin volume. The three-month contract ended the afternoon's "kerf" trade \$1 down at \$2,367 a tonne, with the backwardation - the premium of the spot delivery price - easing to \$185, \$15 down from the



Source: Comex
LME: London Metal Exchange
Palladium (\$ per 100g)

previous day. Dealing in other base metals was equally slack. On the International Petroleum Exchange trading in Brent June crude oil was initially equally flat, slipping five cents to \$18.36 a barrel soon after midday. That moved further down in later trading, reaching \$18.25 later. Traders expected a further downward trend, following a report from the United Nations denying that six UN oil sale monitors had gone missing in northern Iraq.

On the London International Financial Futures Exchange, the May contract for robusta coffee finished the day at \$1,590 a tonne, down \$19, while that for cocoa closed \$10 higher on the day, at \$1,033 a tonne. The volume of trading in both was described by dealers as modest.

WEEKLY PRICE CHANGES

	Latest price	Change on week	Year high	1997 low
Gold per troy oz.	\$342.45	+0.75	\$352.00	\$336.85
Silver per troy oz.	291.25p	-0.25	355.95p	290.10p
Aluminium 99.7% (cash)	\$1,570	+44	\$1,585	\$1,498.5
Copper Grade A (cash)	\$2,090.5	+27.5	\$2,090.5	\$2,073
Lead (cash)	\$919.5	-7.5	\$900.5	\$919.5
Nickel (cash)	\$730	+30	\$801.5	\$620
Zinc SHG (cash)	\$1,248.5	+20.5	\$1,040	\$1,291.5
tin (cash)	\$2,090.5	+44	\$2,090.5	\$2,073
Cocoa Futures May	\$1,590	-19	\$1,590	\$1,590
Coffee Futures May	\$2,090.5	+27.5	\$2,090.5	\$2,073
Sugar (LDP Raw)	\$281.0	+11.0	\$281.0	\$281.0
Barley Futures May	\$281.0	+11.0	\$281.0	\$281.0
Wheat Futures May	\$281.0	+11.0	\$281.0	\$281.0
Cotton Futures May	\$281.0	+11.0	\$281.0	\$281.0
Oil (Brent Super)	\$18.11k	-0.80	\$18.55	\$17.31

For terms and other details, see p. 10. For more, see p. 10.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Anonymous Market Trading)

ALUMINIUM, 99.7% PURITY (per troy oz.)

Cash 3 mths

Close 1569.5-70.5 1569.50

Previous 1567-68 1567.00

High/Low 1569.50/1567.00

AM Official 1569-69.5 1569.00

Open Int. 1613-13.5

Total daily turnover 65,103

ALUMINIUM ALLOY (per troy oz.)

Close 1450-50 1450.00

Previous 1450-50 1450.00

High/Low 1450-50/1450-50

AM Official 1450-50 1450.00

Open Int. 1450-50

Total daily turnover 1,238

LEAD (\$ per tonne)

Close 610-20 610.00

Previous 605-27 605.00

High/Low 605-27/605-27

AM Official 605-27 605.00

Open Int. 605-27

Total daily turnover 36,725

NICKEL (\$ per tonne)

Close 7325-25 7325.00

Previous 7325-25 7325.00

High/Low 7325-25/7325-25

AM Official 7325-25 7325.00

Open Int. 7325-25

Total daily turnover 12,468

TIN (\$ per tonne)

Close 5950-700 5950.00

Previous 5950-700 5950.00

High/Low 5950-700/5950-700

AM Official 5950-700 5950.00

Open Int. 5950-700

Total daily turnover 1,238

COBALT (\$ per tonne)

Close 2581-615 2581.00

Previous 2581-615 2581.00

High/Low 2581-615/2581-615

AM Official 2581-615 2581.00

Open Int. 2581-615

Total daily turnover 1,238

COBALT (\$ per tonne)

Close 2581-615 2581.00

Previous 2581-615 2581.00

High/Low 2581-615/2581-615

AM Official 2581-615 2581.00

Open Int. 2581-615

Total daily turnover 1,238

COBALT (\$ per tonne)

Close 2581-615 2581.00

Previous 2581-615 2581.00

High/Low 2581-615/2581-615

AM Official 2581-615 2581.00

Open Int. 2581-615

Total daily turnover 1,238

COBALT (\$ per tonne)

Close 2581-615 2581.00

Previous 2581-615 2581.00

High/Low 2581-615/2581-615

AM Official 2581-615 2581.00

Open Int. 2581-615

Total daily turnover 1,238

COBALT (\$ per tonne)

Close 2581-615 2581.00

Previous 2581-615 2581.00

High/Low 2581-615/2581-615

AM Official 2581-615 2581.00

Open Int. 2581-615

Total daily turnover 1,238

COBALT (\$ per tonne)

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Previous 2581-615 2581.00

High/Low 2581-615/2581-615

AM Official 2581-615 2581.00

Open Int. 2581-615

Total daily turnover 1,238

COBALT (\$ per tonne)

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Previous 2581-615 2581.00

High/Low 2581-615/2581-615

AM Official 2581-615 2581.00

Open Int. 2581-615

Total daily turnover 1,238

COBALT (\$ per tonne)

Close 2581-615 2581.00

Precious Metals continued

GOLD COMEX (100 Troy oz.; \$/troy oz.)

Sett. Day's

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GRAINS AND OIL SEEDS

WHEAT LFFE (per bush)

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The Labour party's attempt to recreate itself seems to have convinced many UK voters, says John Gapper

Twilight of the Conservatives' era

His speech over, Tony Blair, leader of the British Labour party, makes his way through the crowd on Mitcham Fairgreen in a south London suburb to his nearby "battle bus". The 43-year-old politician grasps outstretched hands and kisses a baby along his path.

A few yards away, John Atkins, a 70-year-old retired printer, recalls a different era: "Politicians like Winston Churchill had personalities that you could either accept, or reject. So many of them today seem colourless. Nobody is prepared to have a positive view in case it offends someone."

He echoes sentiments heard throughout an election campaign that has failed to catch the imagination of the electorate. Despite that, Mr Atkins plans to cast his vote for Mr Blair in the UK general election on May 1, hoping to end 18 years of Conservative rule.

On this visit to two former Tory voters, Mr Blair is far from colourless in the literal sense. His face is a pale shade of orange - make-up applied to ensure he has a healthy glow on television. Yet with a week to go before the election, his party still strains to project him as a man of unwavering beliefs and undiluted passion.

Earlier that morning, Mr Blair had abandoned the customary podium at his morning media briefing to speak without notes at the front of a stage. Behind him in multiple colours - reds on greens, and yellows on blues - were emblazoned Labour's modest promises. Several, such as "Tough on Crime" and "No Income Tax Rises", could as easily have been Tory slogans.

The subliminal message for television viewers was twofold: the party no longer stands for higher public spending and taxation; Mr Blair has the energy and vision to transform Britain without them. The colours told their

own story: Labour is no longer tied to the socialist red adopted as its colour on its formation by trade unions in 1900.

The odds are on "New Labour", the party re-modelled by Mr Blair when he became leader after the death of Mr John Smith in 1994, breaking the Tories' stranglehold on government. Although one opinion poll this week showed Labour's lead over the Conservatives down to 5 percentage points, others gave Mr Blair's party a lead of 20 points.

Labour's lead emerged before Mr John Major called the general election, and the unusually long six-week campaign was designed to unsettle his main rival. The discontent of voters over the Tories' record of economic management and internal disarray over European integration contrasted poorly with Mr Blair's energetic reform of his party throughout last year.

Yet while there have been only sporadic signs of Labour's lead seriously slipping, the campaign has hardly been kind to Mr Blair. He and his party have appeared stiff and wooden, nervous of departing from their set-pieces. The Tory campaign - though dogged by setbacks and internal strife - has been engagingly human by comparison.

Labour's attempts to marshal everything from the design of candidates' leaflets to declarations of support from business leaders and sporting stars, have been well-planned. Much of their strategy was set out in its campaign "war book" - first drafted a year ago: released this week by the Tories to the mild embarrassment of their challengers.

Mr Major's approach has been different, partly because he has had little choice. The Conservatives have been engulfed by a series of embarrassing events during this campaign. The first was "sleaze" - misdemeanours among mainly Tory MPs which

have ranged from sexual liaisons to allegations that cash bribes were accepted in return for asking questions in parliament.

The sleaze issue caused temporary embarrassment and the emergence of Mr Martin Bell, a BBC television reporter famed for his dispatches from the war in Bosnia, as an "anti-corruption" candidate.

The next upset proved more enduring - more than 200 of the Tories' 548 parliamentary candidates declared themselves implacably opposed to the creation of a European single currency in 1999.

When two junior ministers took a similar stand in their election addresses, Mr Major, who favours deferring a decision on the single currency until negotiations are complete, could no longer ignore this challenge to the party line.

His reaction was to try to brush aside internal divisions and paint the Conservatives as the truest opponents of European federalism. Despite the risks, it played peculiarly well to the prime minister's strengths.

The most obvious of these is his ordinariness. Mr Blair was educated at public school - privately-owned schools in the UK - and Oxford University. Mr Major did not go to university and has a humble family background. This has enabled him to play on the British people's sympathy for underdogs and natural distrust of middle-class intellectuals.

Mr Major has also appeared liberated by the campaign. Since the last general election in 1992, bitter divisions over Europe inside the Conservative party have made him appear weak and unable to control events. But on the election trail, the limitations of office have been stripped away.

Apart from the fact that his message on Europe has appealed to some voters, he has appeared a more relaxed and sympathetic



Stage presence: Tony Blair appears to believe, as Rab Butler, that politics is a matter of the heart

figure. At a briefing yesterday on a Labour claim that the Conservatives were poised to abolish the state pension, Mr Blair referred to his father's pension and asked if "anybody in this room" believed he would do such a thing.

The ensuing silence indicated the strength of his personal reputation. Similarly, when he diverted a television election broadcast to appeal directly to voters on Europe despite the party's obvious disarray on the subject, he won himself some admiration. Yet sympathy for Mr Major has created suspicion about Labour rather than support for the Tories.

Reluctance to vote Conservative again for many is partly due to the feeling of having been let down by Mr Major after the election in 1992, when his government raised taxes to plug a large gap in public finances caused by a recession. The fact that Britain has emerged into a strong recovery, with output rising by 3 per cent in the past year, has not altered this.

There is also a broader sense that decay has been allowed to

erode British institutions, such as the National Health Service, formed by a Labour government after the 1939-45 war, and the state education system. Mr Blair's campaign has tried to play to the belief that a Labour government is more likely to fund such services adequately than the tax-cutting Conservatives.

Yet Labour has been careful not to make promises on public spending that could only be met by large tax rises. The unexpected loss of the 1992 election has led to caution on spending pledges and guarantees that there will be no rise in the basic rates of personal taxation.

This has left Labour with very little room for manoeuvre on public funding. One example is its pledges to devote a mere £100m more to the health service which has an annual budget of £35bn.

Among lessons taken by Labour from the experience of Mr Bill Clinton, the US president, is that voters prefer such incremental changes. As a result it has been outflanked on tax-and-spend

promises by the centre party Liberal Democrats.

Stuck in his self-imposed spending limits, Mr Blair has struggled to appear the radical reformer of his claims. He has based much of his campaign on competence and trust, arguing that he has a record of strong leadership while Mr Major is too weak and indecisive even to implement policies on which the two parties agree.

Indeed, Mr Blair has displayed a bold and radical streak inside the Labour party. As the party employment spokesman in the early 1990s, he handled its tricky relationships with unions, ending its support for trade union closed shops in the face of fierce opposition. As leader, he has persuaded old hands to drop a commitment to nationalisation.

But in the campaign, his caution on what voters will accept has been the dominant note. He talks of Labour becoming a "one nation" party - echoing the paternalist Conservatism of Victorian prime minister Benjamin Disraeli. His main promise has been to galvanise the quality of life in Britain with his personal commitment to improving education.

On stage this week, Mr Blair roared around confidently, his words transmitted to his audience via a microphone clipped to his tie. As he gestured backwards at his colourful slogans, he resembled the speaker at an inspirational management seminar, urging us to allocate our time and resources efficiently.

His appeal to be the chief executive of Britain lacks the romantic appeal of Labour's roots. Yet even those such as Mr Atkins on Mitcham Fairgreen acknowledge that his approach may be the best there is. "The mistake of the past was that Labour tried to go too far and fast. People want slow and realistic progress these days," says Mr Atkins.

If so, Labour is well-placed to take Thursday's election, and implement its modest proposals. Not only union officials, but pensioners and workers in schools and hospitals, have had their expectations suitably lowered. If Labour wins, and Mr Blair becomes prime minister, they can hardly complain that they were not warned.

Patti Waldmeir on Colin Powell's campaign for active citizenship

Step forward America

G lits and glitter, sentiment and schmaltz: the American way. Tomorrow in Philadelphia, all four will be harnessed to the cause of public morality and politics, in a grand celebration of American voluntarism.

Presidents past, present (and maybe future) will join film stars, rock bands and business executives to call on the American spirit of private compassion to fill the void in public service left by the downsizing of government. Exit big government, enter the era of bigger, more active citizenship.

Retired General Colin Powell, Gulf War leader and self-declared refusenik of the presidential mantle, will join all the living presidents (except the incapacitated Ronald Reagan) in an attempt to mobilise corporate America and millions of volunteer citizens to combat poverty and moral decay.

President Bill Clinton will be there, bidding for the moral high ground just when the national morality play has him firmly cast as villain. Oprah Winfrey will chat, the Beach Boys will sing, Maya Angelou will recite, Gen Powell will inspire.

The three-day "Presidents' Summit for America's Future" will be an event where politics and morality conveniently converge.

Certainly, the president will easily touch a chord with many Americans, deeply troubled about the state of US society - and especially of the youth, the summit's focus. Tainted by sexual and financial scandals, he struggles to act as moral guiding light to the nation on other subjects. But here he can appeal to a powerful American sense of guilt, and the duties of citizenship, to urge greater civic involvement.

Alexis de Tocqueville, the 19th century social historian, was the first but not the last to notice it: Americans believe they ought to help their neighbours. And even in these days of eroded community spirit, there is still a rich vein of civic duty to be mined.

"We are trying to crack the atom of civic power," Mr Harris Wofford, head of the AmeriCorps youth public service programme, wrote to summit organisers.

Critics of Mr Clinton's

social policies say such experiments would not be needed if government shouldered its responsibility to society. They have organised a counter-demonstration to protest the three-day compassion-fest.

But most voluntary leaders support the summit. They point out that, though surveys show 93m Americans - or 49 per cent - spend four hours a week on voluntary activities, this represents a decline from 54 per cent at the end of the 1980s. Sociologists believe this reflects a decline not just in volunteering, but in the general American penchant for free association, whether in bowling leagues or parent-teacher associations.



Television bears much of the blame, along with working women, according to a study by Professor Robert Putnam of Harvard. He says television "privatises leisure time" and erodes community cohesion. Other forms of free association, including on the Internet, have taken up some of the slack. But he believes the health of civic society - cornerstone of American democracy - remains in peril.

Some communities have responded to the decline by introducing compulsory voluntarism: in the state of Maryland, high school students get no diploma unless they volunteer.

Still, officials of non-profit groups say the "ask factor" remains powerful: Americans will respond if their guilt is played upon (and even more so, if they get a tax break). They hope the presidents will prove a beacon to greater voluntarism, and they are counting on the altruistic appeal of Gen Powell, as well as the

proven communication skills of Mr Clinton.

Much will depend on giving corporations what Gen Powell calls "a guilt trip" - the focus of the summit will be on persuading companies to make more "community investments", and to provide more paid leave for employee volunteers.

For as government withdraws, the corporate sector is under increasing pressure to respond to social needs, and there are some anecdotal signs of greater corporate philanthropy. But the only hard figures, from the Conference Board, the private sector business organisation, show that corporate contributions to charity have been halved since the

late 1980s - falling to less than 1 per cent of pre-tax income in 1996.

Mr Bob Dunn, president of San Francisco-based Business for Social Responsibility, says this masks a shift in the nature of corporate contributions. "They have more than just money to give," he says, noting that membership of his organisation has quadrupled to over 800 companies in the last few years.

Companies give equipment, facilities and the time of their employees more than before, he says, and many pursue "strategies which involve greater contribution to the community but fewer dollars". But the Conference Board says in a report that contributions are becoming more focused and "aligned to business goals". The emphasis is on "investments that yield a measurable return to the company", including image enhancement, and linking

corporate philanthropy more closely with products and with broader "customer concerns".

The presidents will try to exploit this trend, trying either to embarrass companies into giving more or persuade them of the public relations benefits of philanthropy. President Clinton will use his favourite slogan, urging companies to "do well by doing good".

Summit organisers say they already have 250 corporate commitments to the summit, including from AT&T, the telecommunications company, which pledged \$50m for community youth enterprises. International Business Machines will underwrite computer equipment and train volunteers for 2,000 community organisations; Walt Disney is offering 1m volunteer community service hours; LensCrafters will provide 1m eyeglasses.

Gen Powell has spoken of forcing companies to pass a "sweat test" and some have agreed to participate in the choreographed clean-up of Philadelphia streets which opens the summit.

Republicans such as Mr Rush Limbaugh, the talk-show host, complain the summit is based on plain Democratic corporate-bashing. But true Republican annoyance stems more from the fact that President Clinton is again stealing their political agenda: traditionally, it is conservatives who argue the poor must be succoured by private compassion, not public beneficence.

But cuts in the welfare state have left liberals with no choice but to adopt the same argument implicitly - even if they continue to reject it publicly, insisting that the private sector is a partner, not a substitute for government. The timing of the summit - when talks on balancing the federal budget are at a critical stage - makes the argument over the role of government all the more potent.

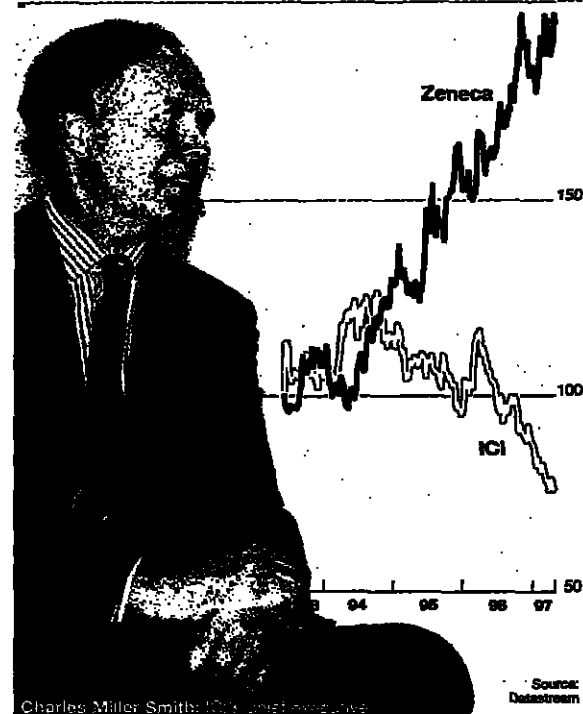
Technically, of course, the summit is bi-partisan: Gen Powell is a Republican and so is former President George Bush. But unless Gen Powell reverses his refusal to run for president, Democrats are likely to reap the most benefit - especially if Mr Clinton manages to convince Americans that the flip side of small government is big citizenship.

Sun sets on an old chemicals empire

ICI's failure to perform since demerger raises questions about its future, writes Tony Jackson

The price of demerger

Share prices relative to FTSE All-Share Index



Charles Miller Smith/ICI and Zeneca

On Thursday ICI, the battered remnant of the old Imperial Chemical Industries, announced a two-thirds drop in quarterly profits. The shares fell 3 per cent. This was not a novelty. Since the company demerged four years ago, its shares have underperformed the UK stock market by a quarter.

It was not supposed to be like this. When the old ICI was split in two, the premise was that both parts - the fast-growing pharmaceuticals business of Zeneca, and the mature chemicals business of the new ICI - would be freed at a stroke. Each could pursue the strategies their very different businesses required. Neither would be hampered by the compromises which had bedevilled the old ICI.

It has certainly worked for Zeneca: its market value has roughly tripled. Indeed, from the perspective of shareholders in the old ICI, the whole exercise has been a huge success. In the decade before demerger, ICI underperformed the stock market by a third. Since then the combined value of the two has risen much faster than the market, thanks wholly to Zeneca's stellar performance.

New ICI has paid the price. Its dismal share price record is due only partly to a recent severe downturn in the world chemicals cycle. The stock market is used to cycles and share prices largely discount them. Du Pont, ICI's larger US rival, has outperformed the US market in the past three years.

The question is more whether ICI is equipped to survive on its own. The demerger was prompted by the attention of predators such as Lord Hanson. The company's response was to throw its elderly relative - the chemicals business - off the back of the design.

The same is happening again. ICI proposes to float off one of its most cyclical bulk chemicals businesses, titanium dioxide. In time, the other bulk chemicals may follow. ICI is also trying to buy speciality chemicals businesses, such as those of Unilever, the former employer of ICI chief executive Charles Miller Smith. Failing that, the company may cease to exist.

Does that matter? Some would say it matters a great deal. This is, after all, the company of Nobel, Brunner and Mond: the force which in its heyday scoured holes the size of cathedrals in the English countryside to make chlorine and caustic soda, and which invented such basic commodities as perspex and polythene. In more practical terms, it remains the nation's chief repository of industrial chemistry.

John Kay, the management theorist, recently drew a telling contrast between ICI's description of itself 10 years ago and at the time of the break-up.

Its earlier statement of objectives began: "ICI aims to be the world's leading chemical company serving customers internationally through the innovative and responsible application of chemistry and related sciences." The later began bluntly: "Our objective is to maximise value for our shareholders."

For 20 years after the war, Prof Kay pointed out, ICI built its pharmaceutical business from scratch. Throughout that time, the business lost money. Had ICI focused purely on shareholder value, he argues, such patience would have been impossible. Zeneca would never have existed.

ICI also said the company would focus "on businesses where we have market leadership, a technological edge and a world competitive cost-base". As Prof Kay also pointed out, this is disarmingly defensive: a stark contrast to the optimism of the former statement, with its open-ended ambition - never realised - to become "the world's leading chemical company".

The further logic of ICI's position, Prof Kay says, is that Zeneca has been set up for takeover. Zeneca "will die because of the readiness of British institutional investors to trade speculative and distant future earnings streams for large amounts of immediate cash."

This is debatable, on two counts. First, and more narrowly, Zeneca now has a market value of more than £17bn. It may be a candidate for a merger of equals with another drug company: it is no longer a plausible takeover victim.

Second, Prof Kay begs a more basic question. How important is corporate survival? Some companies, such as Lonrho or Hanson, last only as long as their founders. Others survive for centuries: in the extreme case of the Swedish company Stora, for 700 years. In terms of the economy or society as a whole, does it matter either way?

I indeed it does, says Arie de Geus, a management theorist and ex-head of strategy at Shell. In a forthcoming book, *The Living Company*, de Geus argues that the best companies are living organisms; their chief purpose is to secure their own survival. Deny that purpose, and they become mere economic entities: sometimes successful in the short run, but failing eventually to draw out the full talents and energies of their employees.

The opposite case is put by Andrew Campbell of Ashridge Strategic Management Centre. "To have a thriving economy," he says, "you always need new companies coming up - the Microsofts and Intels. You also need companies to drop off and die. The problem is that as companies die, they expend great social resources in the attempt to survive. They are great value destroyers."

It follows that any further break-up of ICI - or a Zeneca merger - would be no more a matter for regret than the original demerger. "You could conclude," Mr Campbell says, "that if ICI has to decline, and if it is going about it in a very intelligent."

Indeed, if ICI were to cease to exist, its death would be more apparent than real. The name matters less than the substance; and the reality is that the old chemicals empire of Mond and Nobel has evolved into something different, now called Zeneca. And if Zeneca went on to merge into a larger whole, that would be no novelty either. One of the great mergers in British industrial history came in 1926. It was the formation of ICI.

UNIT TRUSTS

WINNERS AND LOSERS

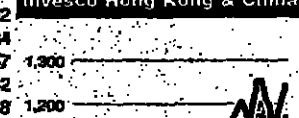
TOP FIVE OVER 1 YEAR

Johnson Fry Sister Growth	1,392
HSBC Hong Kong Growth	1,284
Gartmore UK Smaller Companies	1,247
Invesco Hong Kong & China	1,242
Abbey Latin American	1,218

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	460
Save & Prosper Korea	532
F&G Japanese Smaller Cos	534
Fidelity Japan Smaller Cos	549
Edinburgh Japan Smaller Cos	550

Invesco Hong Kong & China



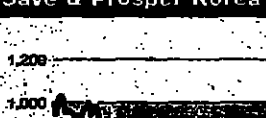
TOP FIVE OVER 3 YEARS

PM North America Growth	1,887
Hill Samuel US Smaller Cos	1,886
Johnson Fry Sister Growth	1,876
Jupiter European	1,868
Prolific Technology	1,862

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	457
Fidelity Japan Smaller Cos	463
Five Arrows Japan Smaller Cos	467
Govett Japan Smaller Cos	469
Edinburgh Japan Smaller Cos	492

Save & Prosper Korea



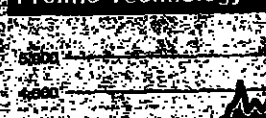
TOP FIVE OVER 5 YEARS

HSBC Hong Kong Growth	3,539
Mercury Gold & General	3,539
Hill Samuel UK Enterprise	3,539
GT Orient Acc	3,539
Prolific Technology	3,539

BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	351
Friends Prov Japanese Sm Cos	351
Barclays Uni Japan Inc	351
Fidelity Japan Smaller Cos	351
M&G Japan & General Acc	351

Prolific Technology



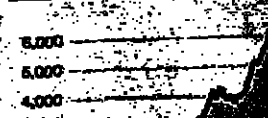
TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,371
HSBC Hong Kong Growth	6,371
HSBC Hong Kong Growth	6,371
HSBC Hong Kong Growth	6,371
HSBC Hong Kong Growth	6,371

BOTTOM FIVE OVER 10 YEARS

Barclays Uni Japan Inc	454
Barclays Uni Japan Inc	454
Barclays Uni Japan Inc	454
Barclays Uni Japan Inc	454
Barclays Uni Japan Inc	454

F&G US Small Companies



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices

Average Unit Trust	977	1188	1276	2275	3.2	0.5
Average Investment Trust	1079	1216	2004	2292	3.5	0.7
Bank	1035	1112	1215	200	0.0	0.3
Building Society	1081	1112	1228	1859	0.0	0.0
Stockmarket FTSE All-Share	1389	1464	1661	2387	2.3	3.8
Inflation	1036	1091	1152	1257	0.4	0.4

UK Growth

Johnson Fry Sister Growth	1392	1876	2420	-	3.6	0.9
Jupiter UK Growth	1085	1753	2858	-	3.1	1.8
Perpetual UK Exempt	1118	1818	2844	-	2.7	2.2
Credit Suisse Fellowship Inc	1021	1809	-	-	3.1	1.1
OM Hartley Growth	1114	1538	2308	-	3.0	0.2
SECTOR AVERAGE	1054	1835	1826	2253	3.0	1.8

UK Growth & Income

Perpetual Income	1112	1517	2268	2881	2.7	2.6
Fleming Select UK Income	1156	1500	1953	2538	2.9	3.4
Lazard UK Income & Growth	1086	1489	1908	2663	2.8	4.1
Fidelity UK Dividend Growth	1082	1487	-	-	2.8	2.8
Gartmore UK Index	1130	1457	1961	-	2.9	3.0
SECTOR AVERAGE	1085	1317	1748	2443	2.9	2.7

UK Smaller Companies

Gartmore UK Smaller Companies	1247	1791	2389	2549	3.4	0.2
Lawrence Kean Smaller Cos	1108	1758	-	-	3.0	1.1
AES Smaller Companies	1080	1677	2220	-	3.1	0.8
INVESTOR UK Smaller Companies	1117	1655	2637	2280	3.9	1.1
Schroder Smaller Companies Inc	1173	1621	2436	2395	3.1	1.0
SECTOR AVERAGE	1030	1293	1974	2093	3.0	1.4

UK Equity Income

Jupiter Income	1132	1803	3158	-	2.8	4.0
Lazard UK Income	1089	1536	2108	3204	2.7	4.5
River & Mercantile 1st Income	1086	1462	2048	-	2.8	4.0
BWD UK Equity Income	1145	1460	2027	2480	2.9	3.5
Britannia High Yield Inc	1074	1449	2103	3141	2.7	3.9
SECTOR AVERAGE	1083	1288	1807	2488	2.8	4.5

UK Equity & Bond Income

Cazenove UK Equity & Bond	1074	1340	-	-	3.2	6.2
Cler Med Retirement Income Inc	1088	1311	1817	-	2.9	5.5
Prolific Asset Income	1028	1293	1771	2335	2.5	4.5
CIS UK Income	1074	1250	1718	-	2.5	4.1
Prudential Distribution Inc	1050	1255	-	-	1.8	5.3
SECTOR AVERAGE	1042	1202	1667	2035	2.3	5.4

UK Eq & Bd

BWD Balanced Portfolio	1121	1505	2202	-	3.1	1.2
Perpetual High Income	1101	1428	2248	-	2.2	3.2
Credit Suisse High Income Port	1049	1385	2090	-	2.8	4.0
Henry Cooke Balanced	1046	1350	-	-	1.8	2.4
NPI UK Extra Income Inc	1044	1338	1930	-	2.4	3.0
SECTOR AVERAGE	1058	1313	1837	2347	2.5	3.2

Gilt & Fixed Interest

Abstract Fixed Interest	1112	1261	2115	2526	1.7	8.7
M&G Corporate Bond	1118	1251	-	-	-	6.9
Thomson Preference Inc	1046	1232	1715	2317	1.8	8.2
M&G Gilt & Fixed Interest	1101	1227	1386	1855	2.0	6.4
Britannia Gilt & Fixed Int Inc	1051	1198	1334	-	1.7	8.1
SECTOR AVERAGE	1048	1137	1416	1954	1.7	6.5

International Equity Income

Martin Curle Int'l Income	1040	1267	1916	-	2.7	2.9
GT International Income	1023	1257	1854	2581	2.4	2.8
Dolphin Int'l Gilt & Income	957	1226	1780	1726	2.8	2.2
Meyrowitz Global Income	1017	1210	1803	2089	2.6	4.1
M&G International Income	1002	1196	1838	2530	2.3	4.3
SECTOR AVERAGE	1009	1185	1786	2116	2.5	3.3

International Fixed Interest

Barclays Global Bond	894	1171	1604	-	1.6	6.2
Barclays Uni European Bond Inc	1041	1156	-	-	1.2	5.9
Old Mutual Worldwide Bond Inc	961	1133	1434	-	1.8	5.0
Mercury Global Bond Acc	941	1128	1463	-	1.7	4.9
TSB International Income Inc	949	1106	1388	-	1.7	4.8
SECTOR AVERAGE	916	1025	1346	1610	1.9	5.3

International Equity & Bond

HSBC Hong Kong Growth	1069	1327	1948	-	2.1	2.9
Cazenove Portfolio	1008	1308	1883	-	2.0	2.1
Fleming General Opportunities	1100	1300	1710	-	2.5	3.2
Gartmore PS Long Term Balance	1043	1283	1851	-	2.4	2.6
Baillie Gifford Managed	1004	1258	1712	2811	2.4	2.6
SECTOR AVERAGE	998	1183	1620	2266	2.2	2.5

International Growth

Prolific Technology	779	1862	3170	4241	6.4	-
Framlington Health	770	1768	2914	4657	6.9	-
Save & Prosper Growth	1128	1625	2696	3466	2.8	1.7
Guinness Flight Global Privt	1116	1433	-	-	3.7	1.1
Fidelity Global Privatisation	1033	1400	-	-	3.7	0.3
SECTOR AVERAGE	955	1150	1770	2138	3.2	1.0

Nth America

PM North America Growth	994	1887	2882	4088	4.5	0.0
PM North America Growth	914	1888	2789	5451	5.3	-
Hill Samuel US Smaller Cos	1063	1758	2781	3219	3.5	0.6
Martin Curle North America	1024	1679	2416	2816	3.5	0.0
Lazard North America Growth	943	1650	2024	2338	3.6	-
SECTOR AVERAGE	998	1401	2057	2789	3.9	0.5

Europe

Jupiter European	1182	1858	3061	-	3.3	0.2
Baring Europe Select	1130	1736	2884	2876	3.5	0.8
Friends Prov European Gilt	1089	1640	2382	-	2.7	-
Gartmore European Sel Opps	1080	1628	2882	2910	2.8	-
Allied Dunbar European Growth	1112	1623	2548	2820	3.7	0.1
SECTOR AVERAGE	1036	1327	2029	2513	3.0	0.8

Japan

GT Japan Growth	836	879	1484	1282	3.2	-
Murray Japan Growth	733	831	-	-	4.2	0.2
Martin Curle Japan	762	823	1885	-	4.7	-
Henderson Emerg Japan	725	811	1483	829	4.9	-
Hill Samuel Japan Technology	699	796	1816	2068	5.5	0.5
SECTOR AVERAGE	657	647	1214	1041	4.7	0.2

Far East inc Japan

Govett Greater China	1114	1170	2415	3105	4.1	-
Abstract Pacific	838	1061	2080	3087	4.0	0.3
Martin Curle Far East	872	985	1794	1963	4.2	0.2
Thomson Oriental Income Inc	831	978	1836	2287	3.4	0.8
GAM Far East Inc	817	971	1872	2725	4.2	0.2
SECTOR AVERAGE	808	882	1732	2002	4.0	0.6

Far East exc Japan

HSBC Hong Kong Growth	1284	1807	2482	6571	6.3	0.9
GT Orient Acc	1017	1336	3171	-	5.8	0.1
INVESTOR Hong Kong & China	1242	1515	2709	4149	6.2	0.5
Credit Suisse Orient Acc	900	1231	-	-	5.8	-
Friends Prov Australian	871	1226	2046	4112	4.2	-
SECTOR AVERAGE	854	886	2103	3680	6.3	0.6

Commodity & Energy

M&G Australian & General Acc	1083	1324	2156	1436	5.0	1.7
M&G Commodity & General	857	1212	2118	2122	4.5	0.3
Save & Prosper Commodity	783	1073	1762	1678	6.5	-
Mercury Gold & General	674	1008	2280	-	7.2	0.4
Save & Prosper Gold & Exp'n	600	996	2281	852	8.7	-
SECTOR AVERAGE	765	1019	2110	1362	5.8	0.5

Best Peps

Johnson Fry Sister Growth	1392	1876	2420	-	3.6	0.9
Jupiter UK Growth	1085	1753	2858	-	3.1	1.8
Perpetual UK Exempt	1118	1818	2844	-	2.7	2.2
Credit Suisse Fellowship Inc	1021	1809	-	-	3.1	1.1
OM Hartley Growth	1114	1538	2308	-	3.0	0.2
SECTOR AVERAGE	1054	1835	1826	2253	3.0	1.8

Money Mkt

Midland Money Market	1045	1141	1248	-	0.2	5.2
M&G Treasury	1046	1140	-	-	0.1	5.3
Newton Cash Acc	1044	1138	1254	-	0.2	5.3
CU Deposit	1043	1136	1253	-	0.0	5.3
Mercury Cash Acc	1044	1134	1252	-	0.0	5.8
SECTOR AVERAGE	1039	1126	1235	-	0.2	5.3

Investment Trust Units

Quilter Investment Trusts Inc	1086	1283	2251	-	3.3	0.6
Quilter High Inc Inv Trst Acc	1089	1194	-	-	2.9	3.4
Equitable Trust of Invest Trst	1003	1170	2025	2979	2.8	1.2
Singer & Friedlander Inv Trst	1020	1168	-	-	2.6	2.3
Exeter Fund of Investment Trst	983	1157	2091	-	3.0	0.5
SECTOR AVERAGE	985	1139	1850	2411	2.8	2.1

Fund of Funds

Morgan Grenfell Managed Inc	991	1282	2017	-	2.2
Sun Alliance Portfolio	1019	1280	1903	-	2.7
Schroder Managed Bal Acc Inst	1008	1278	1859	-	2.3
OM Charterfield Securities	932	1273	-	-	4.2
Britannia Managed Portlio Inc	1002	1267	2048	-	3.0
SECTOR AVERAGE	961	1132	1695	1944	2.5

LONDON STOCK EXCHANGE

FINANCIAL TIMES WEEKEND APRIL 26/APRIL 27 1997

CURRENCIES AND MONEY

Dollar firms

MARKETS REPORT

By Simon Kuper

The dollar firmed last night after Mr Robert Rubin, US treasury secretary said that Washington's dollar policy remained the same.

The remark, his mantra for some time, was seen as significant because it came on the eve of the weekend's Group of Seven meeting in Washington, which many in the market believe will try to reverse the dollar's rise.

Mr Rubin dimmed belief that the G7 would agree to joint action against the dollar when he said: "I expect we'll discuss exchange markets, as we always do. But I have nothing to add to my recent statements." He hedged his support for the dollar by saying the dollar had been strong for some time, and that he shared Japanese concerns about the weak yen.

The dollar, which had

closed in London 0.6 pence higher at DM1.723, rose further to DM1.727 after Mr Rubin's remarks.

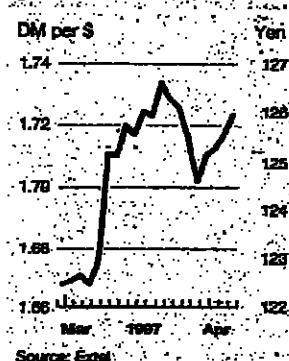
It advanced ¥0.3 against the yen to ¥126.2 immediately after his speech.

The dollar had already gained against the D-Mark earlier in the day after reported remarks from Mr Norbert Walter, Deutsche Bank's chief economist. He was quoted as saying that the US, Germany and Japan would tolerate the dollar rise.

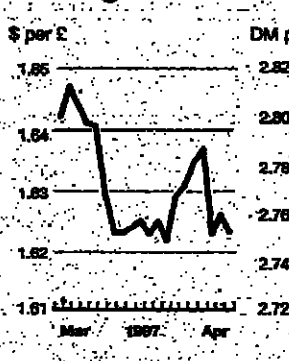
Many traders were particularly impressed because they wrongly thought the dollar would be weaker.

The dollar, which had

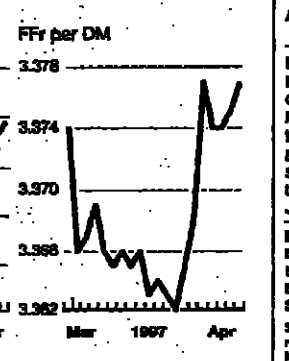
Dollar



Sterling



D-Mark



quotes were from a German government economist. But the dollar's rise fed on itself, triggering buy orders at DM1.72.

The pound rose to DM2.800 against the D-Mark after Mr Rubin spoke. It had closed in London on Thursday at DM2.792.

But the D-Mark firmed against the French franc and the lira after an opinion poll forecast that France's centre-right government would only just win the country's early general election. The

market thinks that if the opposition socialists were to scrape to victory, they would refuse to take austerity measures to equip France for European monetary union.

That could hit the French franc and delay Euro, currency strategists said.

Almost all strategists still expect that the G7 will make some attempt at least to slow the dollar's rise. Mr Carl Weinberg, chief economist at High Frequency Economics in New York, said:

"Everyone will buy the dollar like mad on Monday unless the governments advise them it will be a bad idea to do so."

However, more strategists have come out doubting the G7's power to cap the dollar. Mr Jeremy Hawkins, chief economist at DKB International in London, said the dollar's refusal to fall against the yen this week showed what traders expect from the G7. Mr Weinberg bravely predicts the G7 will hit the dollar.

tutional investors were waiting to buy dollars on dips. "They have refrained from chasing the dollar higher since the beginning of the month and by now have pent-up dollar demand," he said. Mr Nick Stamenskovic, economist at DKB International in London, said the dollar's refusal to fall against the yen this week showed what traders expect from the G7. Mr Weinberg bravely predicts the G7 will hit the dollar.

Pound in New York

	Apr 25	Apr 26	Apr 27
1 mth	1.6235	1.6235	1.6235
3 mth	1.6211	1.6226	1.6211
1 yr	1.6171	1.6171	1.6171

POUND SPOT FORWARD AGAINST THE POUND

Apr 25	Closing	Change	Mid-point	Day's	One	Three	One	Bank
				high	month	months	year	of
					Rate	Rate	Rate	JP
					Rate	Rate	Rate	Index
Europe								
Austria (Sch)	10.8885	+0.0055	781	108	10.7010	10.5800	10.455	2.7
Belgium (Bfr)	7.0229	+0.0025	445	702	6.9450	6.8200	6.695	2.8
Denmark (DKr)	10.8824	+0.0025	475	108	10.6850	10.5600	10.435	2.5
Finland (Fmk)	6.4088	+0.0027	617	640	6.3100	6.1850	6.060	2.8
France (FFr)	9.4465	+0.0049	419	945	9.3500	9.2250	9.100	2.8
Germany (DM)	2.7729	+0.0025	445	277	2.6950	2.5700	2.445	2.8
Greece (Dr)	44.882	+1.70	800	448	43.1825	41.717	40.252	0.3
Ireland (Ir)	1.0480	+0.0002	481	1048	1.0480	1.0480	1.0480	0.3
Italy (Lit)	2786.13	+10.05	422	2786	2786.13	2786.13	2786.13	-1.5
Japan (Yen)	126.2	+0.3	126.2	126.2	126.2	126.2	126.2	2.8
Netherlands (Gld)	3.1425	+0.0004	431	314	3.1425	3.1425	3.1425	0.3
Norway (Nkr)	11.4641	+0.0035	587	1146	11.4641	11.4641	11.4641	2.8
Portugal (Esc)	200.487	+0.0089	589	200	199.598	198.689	197.780	-0.8
Spain (Ptas)	166.639	+0.0044	754	1666	166.639	166.639	166.639	-0.7
Sweden (Skr)	12.6395	+0.0035	589	1263	12.6395	12.6395	12.6395	1.8
Switzerland (Sfr)	2.2820	+0.0004	408	2282	2.2820	2.2820	2.2820	4.5
UK (Sterling)	1.6235	+0.0025	445	1623	1.6235	1.6235	1.6235	1.8
USA (Dollar)	1.6235	+0.0025	445	1623	1.6235	1.6235	1.6235	1.8
SDR	1.6235	+0.0025	445	1623	1.6235	1.6235	1.6235	1.8
Americas								
Argentina (Peso)	1.8225	+0.0035	589	1822	1.8225	1.8225	1.8225	-
Brazil (Cru)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	-
Canada (Cdn)	2.2820	+0.0025	445	2282	2.2820	2.2820	2.2820	3.1
Chile (Peso)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Colombia (COP)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Costa Rica (Crd)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Cuba (Cup)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Czech Republic (Czr)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Dominican Republic (Drd)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Ecuador (Dol)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
El Salvador (Scl)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Guatemala (Ggt)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Honduras (Hnd)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
India (Rupee)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Indonesia (Rup)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Israel (Sheqel)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Italy (Lit)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Japan (Yen)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Korea (Won)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Malaysia (Ringgit)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Mexico (Peso)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Morocco (Dirham)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Nicaragua (Crd)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Peru (Sol)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Philippines (Peso)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Poland (Zloty)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Portugal (Esc)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Romania (Leu)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Russia (Ruble)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Saudi Arabia (Riyal)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Singapore (Dollar)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
South Africa (Rand)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
South Korea (Won)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Taiwan (Dollar)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Thailand (Baht)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Trinidad (Dollar)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Turkey (Lira)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
USA (Dollar)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Uruguay (Peso)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Venezuela (Bolivar)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Yemen (Rial)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1
Zimbabwe (Dollar)	1.2525	+0.0025	445	1252	1.2525	1.2525	1.2525	3.1

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 25	Apr 26	Apr 27	Apr 28	Apr 29	Apr 30	May 1	May 2	May 3	May 4	May 5	May 6	May 7	May 8	May 9	May 10	May 11	May 12	May 13	May 14	May 15	May 16	May 17	May 18	May 19	May 20	May 21	May 22	May 23	May 24	May 25	May 26	May 27	May 28	May 29	May 30	May 31	Jun 1	Jun 2	Jun 3	Jun 4	Jun 5	Jun 6	Jun 7	Jun 8	Jun 9	Jun 10	Jun 11	Jun 12	Jun 13	Jun 14	Jun 15	Jun 16	Jun 17	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22	Jun 23	Jun 24	Jun 25	Jun 26	Jun 27	Jun 28	Jun 29	Jun 30	Jul 1	Jul 2	Jul 3	Jul 4	Jul 5	Jul 6	Jul 7	Jul 8	Jul 9	Jul 10	Jul 11	Jul 12	Jul 13	Jul 14	Jul 15	Jul 16	Jul 17	Jul 18	Jul 19	Jul 20	Jul 21	Jul 22	Jul 23	Jul 24	Jul 25	Jul 26	Jul 27	Jul 28	Jul 29	Jul 30	Jul 31	Aug 1	Aug 2	Aug 3	Aug 4	Aug 5	Aug 6	Aug 7	Aug 8	Aug 9	Aug 10	Aug 11	Aug 12	Aug 13	Aug 14	Aug 15	Aug 16	Aug 17	Aug 18	Aug 19	Aug 20	Aug 21	Aug 22	Aug 23	Aug 24	Aug 25	Aug 26	Aug 27	Aug 28	Aug 29	Aug 30	Aug 31	Sep 1	Sep 2	Sep 3	Sep 4	Sep 5	Sep 6	Sep 7	Sep 8	Sep 9	Sep 10	Sep 11	Sep 12	Sep 13	Sep 14	Sep 15	Sep 16	Sep 17	Sep 18	Sep 19	Sep 20	Sep 21	Sep 22	Sep 23	Sep 24	Sep 25	Sep 26	Sep 27	Sep 28	Sep 29	Sep 30	Oct 1	Oct 2	Oct 3	Oct 4	Oct 5	Oct 6	Oct 7	Oct 8	Oct 9	Oct 10	Oct 11	Oct 12	Oct 13	Oct 14	Oct 15	Oct 16	Oct 17	Oct 18	Oct 19	Oct 20	Oct 21	Oct 22	Oct 23	Oct 24	Oct 25	Oct 26	Oct 27	Oct 28	Oct 29	Oct 30	Oct 31	Nov 1	Nov 2	Nov 3	Nov 4	Nov 5	Nov 6	Nov 7	Nov 8	Nov 9	Nov 10	Nov 11	Nov 12	Nov 13	Nov 14	Nov 15	Nov 16	Nov 17	Nov 18	Nov 19	Nov 20	Nov 21	Nov 22	Nov 23	Nov 24	Nov 25	Nov 26	Nov 27	Nov 28	Nov 29	Nov 30	Dec 1	Dec 2	Dec 3	Dec 4	Dec 5	Dec 6	Dec 7	Dec 8	Dec 9	Dec 10	Dec 11	Dec 12	Dec 13	Dec 14	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	Dec 26	Dec 27	Dec 28	Dec 29	Dec 30	Dec 31
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D-MARK FUTURES (DM 125,000 per DM)

Apr 25	Apr 26	Apr 27	Apr 28	Apr 29	Apr 30	May 1	May 2	May 3	May 4	May 5	May 6	May 7	May 8	May 9	May 10	May 11	May 12	May 13	May 14	May 15	May 16	May 17	May 18	May 19	May 20	May 21	May 22	May 23	May 24	May 25	May 26	May 27	May 28	May 29	May 30	May 31	Jun 1	Jun 2	Jun 3	Jun 4	Jun 5	Jun 6	Jun 7	Jun 8	Jun 9	Jun 10	Jun 11	Jun 12	Jun 13	Jun 14	Jun 15	Jun 16	Jun 17	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22	Jun 23	Jun 24	Jun 25	Jun 26	Jun 27	Jun 28	Jun 29	Jun 30	Jul 1	Jul 2	Jul 3	Jul 4	Jul 5	Jul 6	Jul 7	Jul 8	Jul 9	Jul 10	Jul 11	Jul 12	Jul 13	Jul 14	Jul 15	Jul 16	Jul 17	Jul 18	Jul 19	Jul 20	Jul 21	Jul 22	Jul 23	Jul 24	Jul 25	Jul 26	Jul 27	Jul 28	Jul 29	Jul 30	Jul 31	Aug 1	Aug 2	Aug 3	Aug 4	Aug 5	Aug 6	Aug 7	Aug 8	Aug 9	Aug 10	Aug 11	Aug 12	Aug 13	Aug 14	Aug 15	Aug 16	Aug 17	Aug 18	Aug 19	Aug 20	Aug 21	Aug 22	Aug 23	Aug 24	Aug 25	Aug 26	Aug 27	Aug 28	Aug 29	Aug 30	Aug 31	Sep 1	Sep 2	Sep 3	Sep 4	Sep 5	Sep 6	Sep 7	Sep 8	Sep 9	Sep 10	Sep 11	Sep 12	Sep 13	Sep 14	Sep 15	Sep 16	Sep 17	Sep 18	Sep 19	Sep 20	Sep 21	Sep 22	Sep 23	Sep 24	Sep 25	Sep 26	Sep 27	Sep 28	Sep 29	Sep 30	Oct 1	Oct 2	Oct 3	Oct 4	Oct 5	Oct 6	Oct 7	Oct 8	Oct 9	Oct 10	Oct 11	Oct 12	Oct 13	Oct 14	Oct 15	Oct 16	Oct 17	Oct 18	Oct 19	Oct 20	Oct 21	Oct 22	Oct 23	Oct 24	Oct 25	Oct 26	Oct 27	Oct 28	Oct 29	Oct 30	Oct 31	Nov 1	Nov 2	Nov 3	Nov 4	Nov 5	Nov 6	Nov 7	
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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cyteline Unit Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on (+44 171) 873 4378 for more details.

Page 1 of 2
Page 2 of 2
Page 3 of 2
Page 4 of 2
Page 5 of 2
Page 6 of 2
Page 7 of 2
Page 8 of 2
Page 9 of 2
Page 10 of 2
Page 11 of 2
Page 12 of 2
Page 13 of 2
Page 14 of 2
Page 15 of 2
Page 16 of 2
Page 17 of 2
Page 18 of 2
Page 19 of 2
Page 20 of 2
Page 21 of 2
Page 22 of 2
Page 23 of 2
Page 24 of 2
Page 25 of 2
Page 26 of 2
Page 27 of 2
Page 28 of 2
Page 29 of 2
Page 30 of 2
Page 31 of 2
Page 32 of 2
Page 33 of 2
Page 34 of 2
Page 35 of 2
Page 36 of 2
Page 37 of 2
Page 38 of 2
Page 39 of 2
Page 40 of 2
Page 41 of 2
Page 42 of 2
Page 43 of 2
Page 44 of 2
Page 45 of 2
Page 46 of 2
Page 47 of 2
Page 48 of 2
Page 49 of 2
Page 50 of 2
Page 51 of 2
Page 52 of 2
Page 53 of 2
Page 54 of 2
Page 55 of 2
Page 56 of 2
Page 57 of 2
Page 58 of 2
Page 59 of 2
Page 60 of 2
Page 61 of 2
Page 62 of 2
Page 63 of 2
Page 64 of 2
Page 65 of 2
Page 66 of 2
Page 67 of 2
Page 68 of 2
Page 69 of 2
Page 70 of 2
Page 71 of 2
Page 72 of 2
Page 73 of 2
Page 74 of 2
Page 75 of 2
Page 76 of 2
Page 77 of 2
Page 78 of 2
Page 79 of 2
Page 80 of 2
Page 81 of 2
Page 82 of 2
Page 83 of 2
Page 84 of 2
Page 85 of 2
Page 86 of 2
Page 87 of 2
Page 88 of 2
Page 89 of 2
Page 90 of 2
Page 91 of 2
Page 92 of 2
Page 93 of 2
Page 94 of 2
Page 95 of 2
Page 96 of 2
Page 97 of 2
Page 98 of 2
Page 99 of 2
Page 100 of 2

Asia Pacific	Fund Name	Unit Price	% Chg	YTD
Asia Pacific Growth Fund	Asia Pacific Growth Fund	1.25	+0.8	+12.5
	Asia Pacific Growth Fund	1.25	+0.8	+12.5
	Asia Pacific Growth Fund	1.25	+0.8	+12.5
	Asia Pacific Growth Fund	1.25	+0.8	+12.5
	Asia Pacific Growth Fund	1.25	+0.8	+12.5
	Asia Pacific Growth Fund	1.25	+0.8	+12.5
	Asia Pacific Growth Fund	1.25	+0.8	+12.5
	Asia Pacific Growth Fund	1.25	+0.8	+12.5
	Asia Pacific Growth Fund	1.25	+0.8	+12.5
	Asia Pacific Growth Fund	1.25	+0.8	+12.5
Asia Pacific Income Fund	Asia Pacific Income Fund	1.18	+0.2	+9.1
	Asia Pacific Income Fund	1.18	+0.2	+9.1
	Asia Pacific Income Fund	1.18	+0.2	+9.1
	Asia Pacific Income Fund	1.18	+0.2	+9.1
	Asia Pacific Income Fund	1.18	+0.2	+9.1
	Asia Pacific Income Fund	1.18	+0.2	+9.1
	Asia Pacific Income Fund	1.18	+0.2	+9.1
	Asia Pacific Income Fund	1.18	+0.2	+9.1
	Asia Pacific Income Fund	1.18	+0.2	+9.1
	Asia Pacific Income Fund	1.18	+0.2	+9.1
Asia Pacific Bond Fund	Asia Pacific Bond Fund	1.10	+0.1	+5.5
	Asia Pacific Bond Fund	1.10	+0.1	+5.5
	Asia Pacific Bond Fund	1.10	+0.1	+5.5
	Asia Pacific Bond Fund	1.10	+0.1	+5.5
	Asia Pacific Bond Fund	1.10	+0.1	+5.5
	Asia Pacific Bond Fund	1.10	+0.1	+5.5
	Asia Pacific Bond Fund	1.10	+0.1	+5.5
	Asia Pacific Bond Fund	1.10	+0.1	+5.5
	Asia Pacific Bond Fund	1.10	+0.1	+5.5
	Asia Pacific Bond Fund	1.10	+0.1	+5.5
Asia Pacific Equity Fund	Asia Pacific Equity Fund	1.20	+0.5	+11.0
	Asia Pacific Equity Fund	1.20	+0.5	+11.0
	Asia Pacific Equity Fund	1.20	+0.5	+11.0
	Asia Pacific Equity Fund	1.20	+0.5	+11.0
	Asia Pacific Equity Fund	1.20	+0.5	+11.0
	Asia Pacific Equity Fund	1.20	+0.5	+11.0
	Asia Pacific Equity Fund	1.20	+0.5	+11.0
	Asia Pacific Equity Fund	1.20	+0.5	+11.0
	Asia Pacific Equity Fund	1.20	+0.5	+11.0
	Asia Pacific Equity Fund	1.20	+0.5	+11.0
Asia Pacific Dividend Fund	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
	Asia Pacific Dividend Fund	1.15	+0.3	+8.5
Asia Pacific Hedge Fund	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
	Asia Pacific Hedge Fund	1.22	+0.6	+11.8
Asia Pacific Multi-Asset Fund	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
	Asia Pacific Multi-Asset Fund	1.12	+0.2	+7.2
Asia Pacific Real Estate Fund	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
	Asia Pacific Real Estate Fund	1.16	+0.3	+8.2
Asia Pacific Commodity Fund	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
	Asia Pacific Commodity Fund	1.19	+0.4	+9.5
Asia Pacific Alternative Fund	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
	Asia Pacific Alternative Fund	1.21	+0.5	+11.2
Asia Pacific Sustainable Fund	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
	Asia Pacific Sustainable Fund	1.17	+0.3	+8.8
Asia Pacific Environmental Fund	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
	Asia Pacific Environmental Fund	1.23	+0.6	+11.5
Asia Pacific Social Fund	Asia Pacific Social Fund	1.14	+0.2	+7.8
	Asia Pacific Social Fund	1.14	+0.2	+7.8
	Asia Pacific Social Fund	1.14	+0.2	+7.8
	Asia Pacific Social Fund	1.14	+0.2	+7.8
	Asia Pacific Social Fund	1.14	+0.2	+7.8
	Asia Pacific Social Fund	1.14	+0.2	+7.8
	Asia Pacific Social Fund	1.14	+0.2	+7.8
	Asia Pacific Social Fund	1.14	+0.2	+7.8
	Asia Pacific Social Fund	1.14	+0.2	+7.8
	Asia Pacific Social Fund	1.14	+0.2	+7.8
Asia Pacific Ethical Fund	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
	Asia Pacific Ethical Fund	1.16	+0.3	+8.0
Asia Pacific Impact Fund	Asia Pacific Impact Fund	1.18	+0.3	+8.5
	Asia Pacific Impact Fund	1.18	+0.3	+8.5
	Asia Pacific Impact Fund	1.18	+0.3	+8.5
	Asia Pacific Impact Fund	1.18	+0.3	+8.5
	Asia Pacific Impact Fund	1.18	+0.3	+8.5
	Asia Pacific Impact Fund	1.18	+0.3	+8.5
	Asia Pacific Impact Fund	1.18	+0.3	+8.5
	Asia Pacific Impact Fund	1.18	+0.3	+8.5
	Asia Pacific Impact Fund	1.18	+0.3	+8.5
	Asia Pacific Impact Fund	1.18	+0.3	+8.5
Asia Pacific Responsible Fund	Asia Pacific Responsible Fund	1.20	+0.4	+9.0
	Asia Pacific Responsible Fund	1.20	+0.4	+9.0
	Asia Pacific Responsible Fund	1.20	+0.4	+9.0
	Asia Pacific Responsible Fund	1.20	+0.4	+9.0
	Asia Pacific Responsible Fund	1.20	+0.4	+9.0

LONDON STOCK EXCHANGE

Currency fears take the shine off FTSE 100

MARKET REPORT

By Steve Thompson and Peter John

The UK stock market finally gave way yesterday, with seven straight upside performances halted by Wall Street's latest slide.

The Dow Jones Industrial Average was down around 40 points shortly after London closed for business yesterday and there were some concerns that the recent recovery in the US market was coming to an end.

All the indices ended down on the day. The FTSE 100 closed 18.5 lower at 4,369.7 while the FTSE

250 fell 18.9 to 4,500.5 and the SmallCap 2.1 to 2,398.7.

And while the day's final turnover of 900.8m shares was up on recent levels, many dealers and strategists were predicting nervous and volatile sessions in the run-up to next Thursday's general election.

In essence, London was reacting slowly to events that had already taken place earlier in the week.

On Thursday, ICI had shocked the City with news that the enduring strength of sterling was even more debilitating to overseas trading than the most pessimistic analysts had predicted.

Forecasts were cut back sharply,

one analyst reducing his full-year estimate by 20 per cent.

But, with ICI no longer seen as the barometer of British industry, and with Wall Street appearing comparatively buoyant, London hung on in positive territory - albeit by a very slight margin.

Then, yesterday morning, Yorkshire Group brought the sterling argument back into focus with a stark profits warning and Footsie lost heart.

"The market appreciated the currency problem in terms of translation but failed to be aware of the degree of trading risk," said a senior strategist at one of

the big UK securities houses.

In addition to the currency concerns, the market was also focusing on possible interest rate pressures.

"In just over a week's time," commented Mr Richard Jeffrey, strategist with Charterhouse, "the markets will be contemplating the outcome of the election and its implications for monetary policy."

"We remain of the view that the markets are under-estimating the degree to which base rates will have to rise in order to contain a surge in consumer-led growth."

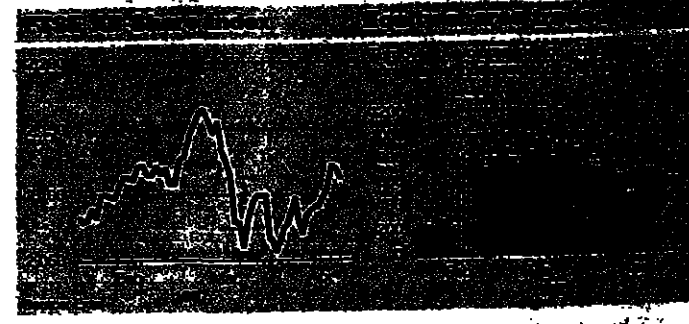
Data yesterday, which showed that economic growth in Britain

had accelerated to its fastest rate for two-and-a-half years, only served to strengthen the perception that higher rates are firmly on the agenda.

On the other hand, there was an element of re-balancing to a market that, by the end of trading, was still up almost 60 points in the week.

Analysts pointed to a degree of underlying support, manifested in interest in the Alliance & Leicester flotation at the start of the week and, yesterday, from a smattering of takeover talk in the utilities sector, particularly among the water stocks.

Talk of bid from the US returned.



Indices and ratios	4300.5	-18.9
FTSE 250	4500.5	-18.9
FTSE 100	4369.7	-18.5
FTSE All-Share	2142.15	-8.32
FTSE All-Share Yield	3.62	3.81
FT 30	2882.0	-7.1
FTSE Non-Fin p/e	18.25	18.80
FTSE 100 Jun	18.3	7.68
10 yr Gilt yield	7.71	2.11
Long gilt/equity yield ratio	2.12	2.11

FTSE 100 Index	18.5
Change over week	-18.5
Apr 24	4388.2
Apr 23	4406.7
Apr 22	4425.2
Apr 21	4443.7
Apr 20	4462.2
Apr 19	4480.7
Apr 18	4499.2
Apr 17	4517.7
Apr 16	4536.2
Apr 15	4554.7
Apr 14	4573.2
Apr 13	4591.7
Apr 12	4610.2
Apr 11	4628.7
Apr 10	4647.2
Apr 9	4665.7
Apr 8	4684.2
Apr 7	4702.7
Apr 6	4721.2
Apr 5	4739.7
Apr 4	4758.2
Apr 3	4776.7
Apr 2	4795.2
Apr 1	4813.7
Mar 31	4832.2
Mar 30	4850.7
Mar 29	4869.2
Mar 28	4887.7
Mar 27	4906.2
Mar 26	4924.7
Mar 25	4943.2
Mar 24	4961.7
Mar 23	4980.2
Mar 22	4998.7
Mar 21	5017.2
Mar 20	5035.7
Mar 19	5054.2
Mar 18	5072.7
Mar 17	5091.2
Mar 16	5109.7
Mar 15	5128.2
Mar 14	5146.7
Mar 13	5165.2
Mar 12	5183.7
Mar 11	5202.2
Mar 10	5220.7
Mar 9	5239.2
Mar 8	5257.7
Mar 7	5276.2
Mar 6	5294.7
Mar 5	5313.2
Mar 4	5331.7
Mar 3	5350.2
Mar 2	5368.7
Mar 1	5387.2
Feb 28	5405.7
Feb 27	5424.2
Feb 26	5442.7
Feb 25	5461.2
Feb 24	5479.7
Feb 23	5498.2
Feb 22	5516.7
Feb 21	5535.2
Feb 20	5553.7
Feb 19	5572.2
Feb 18	5590.7
Feb 17	5609.2
Feb 16	5627.7
Feb 15	5646.2
Feb 14	5664.7
Feb 13	5683.2
Feb 12	5701.7
Feb 11	5720.2
Feb 10	5738.7
Feb 9	5757.2
Feb 8	5775.7
Feb 7	5794.2
Feb 6	5812.7
Feb 5	5831.2
Feb 4	5849.7
Feb 3	5868.2
Feb 2	5886.7
Feb 1	5905.2
Jan 31	5923.7
Jan 30	5942.2
Jan 29	5960.7
Jan 28	5979.2
Jan 27	5997.7
Jan 26	6016.2
Jan 25	6034.7
Jan 24	6053.2
Jan 23	6071.7
Jan 22	6090.2
Jan 21	6108.7
Jan 20	6127.2
Jan 19	6145.7
Jan 18	6164.2
Jan 17	6182.7
Jan 16	6201.2
Jan 15	6219.7
Jan 14	6238.2
Jan 13	6256.7
Jan 12	6275.2
Jan 11	6293.7
Jan 10	6312.2
Jan 9	6330.7
Jan 8	6349.2
Jan 7	6367.7
Jan 6	6386.2
Jan 5	6404.7
Jan 4	6423.2
Jan 3	6441.7
Jan 2	6460.2
Jan 1	6478.7
Dec 31	6497.2
Dec 30	6515.7
Dec 29	6534.2
Dec 28	6552.7
Dec 27	6571.2
Dec 26	6589.7
Dec 25	6608.2
Dec 24	6626.7
Dec 23	6645.2
Dec 22	6663.7
Dec 21	6682.2
Dec 20	6700.7
Dec 19	6719.2
Dec 18	6737.7
Dec 17	6756.2
Dec 16	6774.7
Dec 15	6793.2
Dec 14	6811.7
Dec 13	6830.2
Dec 12	6848.7
Dec 11	6867.2
Dec 10	6885.7
Dec 9	6904.2
Dec 8	6922.7
Dec 7	6941.2
Dec 6	6959.7
Dec 5	6978.2
Dec 4	6996.7
Dec 3	7015.2
Dec 2	7033.7
Dec 1	7052.2
Nov 30	7070.7
Nov 29	7089.2
Nov 28	7107.7
Nov 27	7126.2
Nov 26	7144.7
Nov 25	7163.2
Nov 24	7181.7
Nov 23	7200.2
Nov 22	7218.7
Nov 21	7237.2
Nov 20	7255.7
Nov 19	7274.2
Nov 18	7292.7
Nov 17	7311.2
Nov 16	7329.7
Nov 15	7348.2
Nov 14	7366.7
Nov 13	7385.2
Nov 12	7403.7
Nov 11	7422.2
Nov 10	7440.7
Nov 9	7459.2
Nov 8	7477.7
Nov 7	7496.2
Nov 6	7514.7
Nov 5	7533.2
Nov 4	7551.7
Nov 3	7570.2
Nov 2	7588.7
Nov 1	7607.2
Oct 31	7625.7
Oct 30	7644.2
Oct 29	7662.7
Oct 28	7681.2
Oct 27	7699.7
Oct 26	7718.2
Oct 25	7736.7
Oct 24	7755.2
Oct 23	7773.7
Oct 22	7792.2
Oct 21	7810.7
Oct 20	7829.2
Oct 19	7847.7
Oct 18	7866.2
Oct 17	7884.7
Oct 16	7903.2
Oct 15	7921.7
Oct 14	7940.2
Oct 13	7958.7
Oct 12	7977.2
Oct 11	7995.7
Oct 10	8014.2
Oct 9	8032.7
Oct 8	8051.2
Oct 7	8069.7
Oct 6	8088.2
Oct 5	8106.7
Oct 4	8125.2
Oct 3	8143.7
Oct 2	8162.2
Oct 1	8180.7
Sep 30	8199.2
Sep 29	8217.7
Sep 28	8236.2
Sep 27	8254.7
Sep 26	8273.2
Sep 25	8291.7
Sep 24	8310.2
Sep 23	8328.7
Sep 22	8347.2
Sep 21	8365.7
Sep 20	8384.2
Sep 19	8402.7
Sep 18	8421.2
Sep 17	8439.7
Sep 16	8458.2
Sep 15	8476.7
Sep 14	8495.2
Sep 13	8513.7
Sep 12	8532.2
Sep 11	8550.7
Sep 10	8569.2
Sep 9	8587.7
Sep 8	8606.2
Sep 7	8624.7
Sep 6	8643.2
Sep 5	8661.7
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Sep 3	8698.7
Sep 2	8717.2
Sep 1	8735.7
Aug 31	8754.2
Aug 30	8772.7
Aug 29	8791.2
Aug 28	8809.7
Aug 27	8828.2
Aug 26	8846.7
Aug 25	8865.2
Aug 24	8883.7
Aug 23	8902.2
Aug 22	8920.7
Aug 21	8939.2
Aug 20	8957.7
Aug 19	8976.2
Aug 18	8994.7
Aug 17	9013.2
Aug 16	9031.7
Aug 15	9050.2
Aug 14	9068.7
Aug 13	9087.2
Aug 12	9105.7
Aug 11	9124.2
Aug 10	9142.7
Aug 9	9161.2
Aug 8	9179.7
Aug 7	9198.2
Aug 6	9216.7
Aug 5	9235.2
Aug 4	9253.7
Aug 3	9272.2
Aug 2	9290.7
Aug 1	9309.2
Jul 31	9327.7
Jul 30	9346.2
Jul 29	9364.7
Jul 28	9383.2
Jul 27	9401.7
Jul 26	9420.2
Jul 25	9438.7
Jul 24	9457.2
Jul 23	9475.7
Jul 22	9494.2
Jul 21	9512.7
Jul 20	9531.2
Jul 19	9549.7
Jul 18	9568.2
Jul 17	9586.7
Jul 16	9605.2
Jul 15	9623.7
Jul 14	9642.2
Jul 13	9660.7
Jul 12	9679.2
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Jul 9	9734.7
Jul 8	9753.2
Jul 7	9771.7
Jul 6	9790.2
Jul 5	9808.7
Jul 4	9827.2
Jul 3	9845.7
Jul 2	9864.2
Jul 1	9882.7
Jun 30	9901.2
Jun 29	9919.7
Jun 28	9938.2
Jun 27	9956.7
Jun 26	9975.2
Jun 25	9993.7
Jun 24	10012.2
Jun 23	10030.7
Jun 22	10049.2
Jun 21	10067.7
Jun 20	10086.2
Jun 19	10104.7
Jun 18	10123.2
Jun 17	10141.7
Jun 16	10160.2
Jun 15	10178.7
Jun 14	10197.2
Jun 13	10215.7
Jun 12	10234.2
Jun 11	10252.7
Jun 10	10271.2
Jun 9	10289.7
Jun 8	10308.2
Jun 7	10326.7
Jun 6	10345.2
Jun 5	10363.7
Jun 4	10382.2
Jun 3	10400.7
Jun 2	10419.2
Jun 1	10437.7
May 31	10456.2
May 30	10474.7
May 29	10493.2
May 28	10511.7
May 27	10530.2
May 26	10548.7
May 25	10567.2
May 24	10585.7
May 23	10604.2
May 22	10622.7
May 21	10641.2
May 20	10659.7
May 19	10678.2
May 18	10696.7
May 17	10715.2
May 16	10733.7
May 15	10752.2
May 14	10770.7
May 13	10789.2
May 12	10807.7
May 11	10826.2
May 10	10844.7
May 9	10863.2
May 8	10881.7
May 7	10900.2
May 6	10918.7
May 5	10937.2
May 4	10955.7
May 3	10974.2
May 2	10992.7
May 1	11011.2
Apr 30	11029.7
Apr 29	11048.2
Apr 28	11066.7
Apr 27	11085.2
Apr 26	11103.7
Apr 25	11122.2
Apr 24	11140.7
Apr 23	11159.2
Apr 22	11177.7
Apr 21	11196.2
Apr 20	11214.7
Apr 19	11233.2
Apr 18	11251.7
Apr 17	11270.2
Apr 16	11288.7
Apr 15	11307.2
Apr 14	11325.7
Apr 13	11344.2
Apr 12	11362.7
Apr 11	11381.2
Apr 10	11399.7
Apr 9	11418.2
Apr 8	11436.7
Apr 7	11455.2
Apr 6	11473.7
Apr 5	11492.2
Apr 4	11510.7
Apr 3	11529.2
Apr 2	11547.7
Apr 1	11566.2
Mar 31	11584.7
Mar 30	11603.2
Mar 29	11621.7
Mar 28	11640.2
Mar 27	11658.7
Mar 26	11677.2
Mar 25	11695.7
Mar 24	117

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Apr 25 / US\$)

(4 pm close)

DOW JONES

3000 3350

+34.5

3360

3345

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3355

3380

3365

3390

3375

3400

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3490

3475

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4955

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4965

4990

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COMPANIES AND FINANCE

Raider routed without a hint of triumph

Mr Graham Melmoth's fierce defence of the Co-operative Wholesale Society this week swept aside the £1.2bn (£1.94bn) attack by entrepreneur Mr Andrew Regan - but yesterday his mood was more sorrowful than triumphal.

"We get absolutely no satisfaction from this," Mr Melmoth, CWS chief executive, told a press conference in the City. If there were a choice, he would have preferred to go back to before February 6, when news broke of Mr Regan's putative bid.

CWS managers, subdued in victory, demand higher levels of probity and integrity in the City, writes David Blackwell

Mr Melmoth said the affair had struck at the heart of the City, which prided itself on self-regulation. But that demanded high levels of probity and integrity - and those standards had been put under question.

Mr Regan withdrew his planned bid on Thursday after Nomura - the prospective financial backer - got cold feet. The Regan bid to the High Court after pri-

vate investigators uncovered evidence that confidential information was being leaked to Mr Regan.

Mr Brian Keelan, the CWS's adviser at SBC Warburg, said it had not been a good week for the City. He disclosed that the Regan camp had been approached with evidence gathered by the CWS on Monday in an attempt to have the bid pulled. He had been astonished

by weekend reports that Mr Regan was going ahead after the court injunction obtained by the CWS on Friday last week.

Mr Melmoth, without a trace of irony, said Mr Regan had made one fundamental error - "he did not recruit someone who actually understood the co-operative movement". Mr Allan Green, the executive suspended last week who has admitted

under oath supplying confidential information to Mr Regan, joined only in 1980 from Booker.

Mr Melmoth described Mr Green as a highly regarded colleague "from whom I withheld nothing". As a result of his actions "material absolutely vital to the society has gone cascading around the City". Both Mr Melmoth and Mr Lennon Fyfe, CWS chairman, emphasised that the CWS should not be regarded like a public company. The 133-year-old institution was part of the fabric of British society, playing a vital community role. It had not put business up for sale, and the City should not regard it as "in play".

The CWS has withdrawn membership application forms from its stores, in response to concerns that "carpetbaggers" are seeking a windfall pay-out, writes Chris Tigne. They will be redesigned to elicit more information from applicants.

Salvesen makes £75m US disposal

By Charles Gresser

Christian Salvesen yesterday sold its US refrigerated warehousing business for £75.2m, (£121.8m) marking the end of a 10-year process during which the company has sold off some 15 businesses ranging from fruit farms in California to a brickmaking business in Manchester.

Mr Chris Masters, chief executive, said yesterday: "What we have now is a very strong European logistics business and a global specialist hire business. There is nothing more to be sold". He added that the company was on target to demerge its Aggreko hire business from the logistics operation by the second half of 1997. This will require approval from shareholders at an extraordinary meeting - the company's second in a year.

Last month, the Salvesen board faced down a shareholders' revolt led by Sir Gerald Elliot, a former chairman. He opposed the company's plan to pay out £100m in a special dividend linked

to a share consolidation as a prelude to the demerger.

The board eventually won 69.3 per cent of votes cast at last month's meeting, after sitting through two hours of criticisms from disaffected investors. Shareholders received their special dividends at the end of March.

The cash proceeds from yesterday's deal will be used to reduce debt, which currently stands at about £220m. This should leave the company with gearing of some 70 per cent, which Mr Masters said was a comfortable level, given the asset-backed nature of the Salvesen business.

Salvesen sold its 17 US refrigerated warehouses to Security Capital Industrial Trust, the US-based industrial property company. The business made operating profits of £3.5m in the year to March 1996, with net assets of £36.9m.

Under the terms of the deal, the buyers can claw back up to £3.7m from Salvesen if a key contract is ended within five years, basis.

BAT gives costs warning

By Christopher Adams

BAT Industries, the tobacco and financial services conglomerate, yesterday put the reprogrammed investor preoccupation with US tobacco litigation with a warning that converting its computer systems to tackle the "Millennium Bomb" problem at the turn of the century would cost it between £40m and £50m.

This is thought to be the first time a UK company has publicly estimated the cost of tackling a problem which some experts predict will cause severe disruption to businesses around the world. The Millennium Bomb is a legacy from the early days of computing, when years were stored as two digits rather than four. As a result,

machines will be unable to distinguish between 1900 and 2000 as both years are stored as '00'. A government body recently put the reprogramming cost at £31bn.

Responding to reports that US cigarette manufacturers are edging towards an agreement which would end litigation against them, Lord Cairns, chairman, told the annual meeting in London that BAT was prepared "to evaluate proposals made to us which provide relief from all current and future lawsuits".

Philip Morris, the US tobacco group, has said it too would consider proposals for ending the raft of lawsuits against it.

The demerger of BAT's financial services arm remains a possibility.

Hush descends on Hambros

By George Graham

Silence fell on the Tower Hill offices of Hambros, Galileo's merchant bank adviser, after its name was added to the court injunction obtained by the CWS against the use of its confidential documents.

On the advice of its lawyers, Allen & Overy, Hambros refused to comment on the Co-op affair. Investment banking rivals warned, however, that whatever the outcome of the legal proceedings, Hambros' reputation could suffer.

"I think it could damage them. The old adage about reputations is that it takes 10 years to build one up, and 10 minutes to blow it," said one corporate financier.

Hambros is no stranger to adventurous deals. In 1990 it advised Hovell, the consortium led by Sir James Goldsmith which bid £13.5bn in an unsuccessful attempt to break up BAT. More recently, the bank has faced leaner times. It has overhauled its management, moving Sir Chips Keswick into the chairmanship, and is reducing dependence on lending, in which it is hard pressed to compete with larger banks.



Sir Chips Keswick: will move into Hambros' chairmanship

in favour of more fee-based advisory work.

Under Mr Nigel Pantling, a former Home Office official who joined from Schroders in 1994, Hambros has expan-

ded its corporate finance department, recruiting a number of new faces - including Mr Peter Large, a former SBC Warburg banker who brought Mr Andrew

Regan with him as a client. Like other corporate finance teams in the City, the new recruits faced pressure to bring in the deals to justify their salaries.

But although Hambros reported in November that it was "regaining momentum", it remains a fringe corporate finance player. Yesterday, a senior corporate financier at another London bank said: "For a bank like Hambros a lot of things need to go right for it to get back to the centre of things, and at best this looks like a defeat."

Apart from the questions raised about whether Hambros should have taken Mr Regan as a client, the outcome of the bid can only be chalked up as a failure.

"Goldman Sachs did not come out terribly well from the Krupp bid, but Hambros is not Goldman Sachs," commented another banker, referring to the abandoned bid last month by the German steelmaker for Thyssen.

One consolation for Hambros yesterday was the silence of Regent Pacific, the Hong Kong-based investor that has taken a small stake in the company and severely criticised its management.

BAA to be hit by terminal delay

By Michael Skapinker, Aerospace Correspondent

BAA said yesterday that its 1996-97 pre-tax profits would be reduced by £53m (£85.9m) because it had changed its accounting policy as a result of the delay in winning approval for Heathrow airport's Terminal Five.

Though it had been capitalising interest on the terminal since 1990, the airports group had decided it was no longer appropriate to do so until it had received planning permission and government approval for the project.

BAA said it had hoped to

receive approval by now but the public inquiry, which began in May 1995, is not expected to end until the middle of next year. A government decision is not expected until early 2000.

By the end of last year, BAA said, cumulative expenditure on Terminal Five was £178m, of which 26 per cent, or £49m, was capitalised interest, a proportion which was growing.

Accounts for the year to March 31 will show no capitalisation of interest on Terminal Five and all interest previously accumulated will be written off.

RESULTS

Dividends										
		Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year	
Alpha Airports	Yr to Jan 31	664.9 (552.9)	7.84 (20.6)	-	(3.24)	3.5t	July 11	3.25	5.25	5
Bookmakers Insurance	Yr to Dec 31	3.76 (1.76)	2.51 (0.2954)	24.1t	(1.6)	-	-	-	-	-
Hill (Joseph)	Yr to Dec 31	25.8 (20.1)	2.35 (0.29)	188.74	(186.5)	45	June 13	43	59	56
Millred Ridge	6 mths to Mar 30	1.99 (1.93)	0.051t (0.376t)	0.01t (0.11t)	14	July 3	12	15	15	15
Singapore (HS)	Yr to Dec 31	14.3 (13.8)	0.47 (0.443)	33.4	(33.3)	12	July 3	12	15	15
United Auctions	Yr to Jan 31	10.2 (5.85)	2.09 (0.845)	88.4	(32.8)	5	May 23	4	9	8
Investment Trusts										
		NAV (p)	Attributable Earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year	
Aberdeen European	Yr to Feb 28	123.52 (111.73)	0.393 (0.425)	1.15 (1.24)	1.1	July 17	1.1	1.1	1.1	1.1
British Empire	6 mths to Mar 31	131.01 (123.38)	1.1 (1.08)	0.58 (0.6)	0.25	June 13	0.25	-	1.03	-
British	Yr to Mar 31	288 (270)	20.9 (22.9)	6.69 (7.34)	3.3	May 20	3.3	5.6t	5.5	5.5
Geared Income	Yr to Mar 31	43.54 (76.39)	5.41 (4.04)	7.49t (9.07)	1.74	May 30	3.16t	7.2	8.65t	-
Investment High Inc.	3 mths to Mar 31	157.5 (152.2)	0.436 (0.418)	1.4 (1.74)	1.65	July 31	1.6	-	2.3	-
US Enterprise	6 mths to Mar 31	-	-	-	-	-	-	-	-	-
Jupiter Extra Inc.	6 mths to Mar 31	-	-	-	-	1.98875	June 6	1.98875	-	7.88
New City & County	Yr to Jan 31	139.6 (131.2)	0.735 (0.933)	5.78 (7.35)	3.2	June 13	3	4.5	4.3	-
Earnings shown below. Dividends shown next. Figures in brackets are for corresponding period. A After exceptional charge. V After exceptional credit. Hs Increased capital.										

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. For increased capital. All stock. *Comparatives restated. *Excludes 1.3p conditional special. *£1.7p also payable in income shareholders.

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£40,000,000	160,000,000	Zero Dividend Preference Shares of 25p each	£4,487,250.00	17,949,000

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26 April 1997

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Dow slips on renewed rate fears

AMERICAS

US stock prices came under renewed pressure amid fears of further rate rises and mixed corporate news, writes Tracy Corrigan in New York.

The Dow Jones Industrial Average was 55.39 lower at 6,786.86 at the end of morning trading, while the broader Standard & Poor's 500 index was 4.45 lower at 766.73. Volume was relatively light.

The technology-driven Nasdaq market, which had failed to share in the recent rally in blue-chip stocks, also fell, losing 11.27 at 1,216.83, close to its low for the year. It was still 12.3 per cent off its peak, reached in January. Intel shed \$1 to \$145.50, though Microsoft gained \$4 to \$114.80.

Tobacco stocks were hit after a court ruling which appeared less favourable to the industry than had been expected. The industry was seen as having lost an important round in its battle against mounting anti-tobacco pressure, when a Federal judge rejected the industry's claim that the FDA had no right to regulate it. Philip Morris shares fell \$2 to \$39.40 while RJR Nabisco dropped \$1 to \$29.75.

Electronic Data Systems dropped sharply after its earnings, announced late on Thursday, fell short of analysts' estimates, causing a number of analysts to downgrade the stock. The shares fell \$9 to \$32.75.

Kellogg rose \$1 to \$37.75 after the company painted a

positive outlook when it reported earnings in line with expectations.

Procter & Gamble declined for a second day after a strong rise earlier in the week. The stock was \$2.76 lower at \$29.44, after results just ahead of analysts' expectations on Thursday. IBM also gave up some of the gains it made on the strength of its earnings result, slipping \$2 to \$151.75.

The agreement by Nations-Bank to sell its institutional trust business to Bankers Trust of New York impacted on both companies. Nations-Bank gained \$1 to \$57.14, against the trend for the financial sector, while Bankers Trust slipped \$4 to \$77.75.

TORONTO tracked Wall Street in dull volume. At the noon calculation, the 300 composite index was off 32.99 at 5,831.80.

Gold edged higher, but most sectors showed clear weakness with property among the hardest hit. Alcan Aluminum shed \$0.30 to \$34.50, Seagram gave up \$0.35 to \$35.10 and Northern Telecom retreated \$0.40 to \$38.85.

Gold was the brightest feature. Barrick gained \$0.35 to \$30.85 and Placer Dome put on \$0.25 to \$32.20 after announcing plans for the disposal of a British Columbian mine.

Among second liners, BC Sugar Refinery surged \$2 or nearly 16 per cent to \$34.60 following the news that Balaclava Enterprises planned to take a stake in the company.

Merrill transfers funds

Merrill Lynch revealed yesterday that it was taking funds from Latin America, recognising the strong performance already seen in the region, and shifting them instead to India where, the US investment bank said, surprises could be in store in the next six to nine months.

SAO PAULO was flat at mid-session as investors assessed the impact of cuts in a host of taxes on foreign investment. Some analysts said, however, that the changes were likely to have a larger impact on the fixed

income market than on equities. At mid-session, the Bovespa index was just 5 weaker at 9,704.

CVRD picked up 1.1 per cent to \$427 with investors cautiously awaiting any further legal challenge to the mining giant's privatisation.

MEXICO CITY edged higher although activity was restricted to an electronic trading system after a fire late on Thursday closed down the stock exchange's trading floor. The IPC index was 11.33 higher by mid-session at 3,785.04.

EUROPE

Good results from Ericsson, but bad figures from Akzo Nobel. It made little difference. After anticipatory gains on Thursday, both were marked down as brokers foresaw a further drop in US blue chips.

AMSTERDAM took a dive following disappointing results from Akzo Nobel, which tumbled 3.8 per cent and helped push the AEX index down 0.54 to 752.62.

It was a dose of cold water for investors after this week's earnings-driven excitement at Philips, and the whole market slid steeply lower. There was clear weakness among leading stocks reporting next week, notably KNP BT and Unilever.

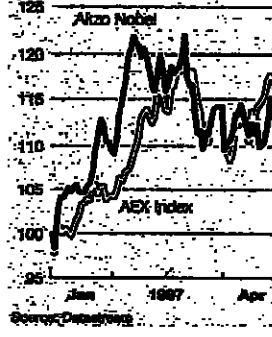
Akzo, which stood at a peak of \$129.50 early in March, fell \$1.90 to \$127.60, following a disappointing bottom of the range first-quarter numbers. At 837,000 shares, volume was the heaviest this year.

Broker estimate downgrades were severe and widespread and there was no hiding place in the chemicals sector as a result. DSM, which reports on Tuesday, came off \$12.20 to \$119.60. KNP BT shed \$1.10 or 2.6 per cent to \$123.30 and Unilever came off \$15.50 to \$172.20.

The market, in fact, gave better treatment to Treille, whose B shares closed unchanged at \$512.45 after a fall of 18 per cent in first-quarter profits. After hours, there was a report that the mining and rubber group

Akzo Nobel

Share price and index (estimated)



STOCKHOLM added Wall Street's weak opening to sharply higher bond yields and the general index came back from 2,644.99 to close 26.38 lower at 2,612.73.

Ericsson's 30 per cent rise in first-quarter profits was fractionally better than expected, and the B shares rose to SKr256.50 at one point, but the market's general malaise combined with a drop in the ADRs of the telecoms major in New York, and the B closed SKr3 lower at SKr249.50.

The corporate story of the day was the withdrawal of Hoechst, Billinger & Berger and Philipp Holzmann from the controversial Transrapid

would consider redeeming some of its shares if it could not find profitable areas in which to invest.

FRANKFURT saw German stock market turnover drop by nearly a third, from DM12.6bn to DM8.5bn, as the Dax index fell 17.53 to an ill-indicated 3,378.96 after a day's low of 3,351.21.

Worries about this week-end's G7 meeting and the prospect that the US dollar could be "talked lower" merged with Emu fears. Mr Jürgen Dörmann, one of the panel of German economic advisers known as the "five wise men", argued for a delay in monetary union, and Mr Rüdiger Jochimsen, a Bundesbank council member, said that the prospect of an Emu delay should not be "categorically ruled out".

These concerns had side-effects. In the dollar-sensitive cyclical, Hoechst led a weak chemicals sector down with a fall of DM1.71 or 2.5 per cent to DM66.09. In banks, where the "Big Three" were similarly depressed and where brokers were looking at late weakness in the bond market, Deutsche Bank fared worst with a fall of DM2.05 at DM88.65.

The corporate story of the day was the withdrawal of Hoechst, Billinger & Berger and Philipp Holzmann from the controversial Transrapid

FTSE Actuaries Share Indices

Index	2204.52	2201.90	2201.11	2201.10	2200.76	2198.55	2197.55	2196.78
FTSE Actuaries 100	2204.52	2201.90	2201.11	2201.10	2200.76	2198.55	2197.55	2196.78
FTSE Actuaries 200	2204.52	2201.90	2201.11	2201.10	2200.76	2198.55	2197.55	2196.78

Base value 1000 (20/10/92). High/Low: 100 - 2005.10, 200 - 2238.00, 1000 - 2196.45, 2000 - 2231.65, 10000 - 2231.65.

THE EUROPEAN SERIES

Index	2204.52	2201.90	2201.11	2201.10	2200.76	2198.55	2197.55	2196.78
FTSE Actuaries 100	2204.52	2201.90	2201.11	2201.10	2200.76	2198.55	2197.55	2196.78
FTSE Actuaries 200	2204.52	2201.90	2201.11	2201.10	2200.76	2198.55	2197.55	2196.78

THE WEEK'S CHANGES

Index	% Change
Madrid	+1.5
Zurich	+1.6
Amsterdam	+1.4
Frankfurt	+0.5
Paris	-0.5
Stockholm	-1.5

the project with other, bigger partners, fell DM7.45 or 1.9 per cent to DM75.95.

PARIS traded narrowly in low volume to close with the CAC 40 index off 3.57 at 2,536.26 after a session in which investors spent most of their time puzzling over the election opinion polls.

The political uncertainty edged up bond yields and weakened the franc. In equities, volume tapered off to 7.3m shares amid signs that

traders were winding down ahead next week's May Day holiday.

Drugs were a feature, with Sanofi adding FF713 or 2.5 per cent to FF530 on a fresh outbreak of rumours that Roche, the Swiss giant, was teasing up a bid. Synthelabo, L'Oréal's drugs offshoot, got caught up in the fun too, gaining FF713 to FF670.

Dull first-quarter sales left Danone FF1 lower at FF638, but Carrefour gained FF737 to FF743 after several large share blocks were traded. The chemicals disappointments in the Netherlands took the shine off Rhône-Poulenc, which dipped FF73.50 to FF71.84.

ZURICH pulled back after its record setting run earlier in the week, restrained by the weaker dollar and profit-taking that left the SMI index down 63.6 or 1.3 per cent at 4,772.5.

Roche fell SF195 to SF192.100 on rumours that it could use a planned \$1bn convertible bond to finance a

takeover of Sanofi or Synthelabo, the French pharmaceuticals companies.

Many analysts were not convinced. One pointed out that it was Roche's usual practice to refinance deals, rather than to pre-finance them, and it was more likely that the bond related to its purchase of Tastemaker, the US synthetic flavours business, in February.

UBS stood out in a weak financial sector after the bank reported that group net profit and cash flow rose substantially in the first quarter. UBS rose SF7 at SF71.341, while SBC fell SF74.50 to SF73.15, and CS Group gave up SF6 to SF71.63.

Among the day's other casualties, the often volatile SMH closed SF28 lower at SF2802.

MADRID continued its consolidation, the general index losing another 2.98 at 499.21. In the last day of its privatisation offer, informed the stock market commission that its results, and those of Gas Natural, its 45 per cent-owned associate, would be pulled down by a mild winter. Repsol fell Pta70 to Pta6,080 and Gas Natural by Pta1,150, or 3.65 per cent to Pta30,350.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

Electronics, foods lead Taipei rebound

ASIA PACIFIC

Worried a week earlier by accelerated bank privatisation plans, TAIPEI extended its recovery in a fifth consecutive session with the weighted index 24.96 higher at 6,544.11.

Electronics came back from profit-taking, the sector up 2.7 per cent with United Electronics, the chipmaker, up T\$1 at T\$68.50 and Taiwan Semiconductor T\$1.50 higher at T\$89.50. Food stocks, meanwhile, rebounded by 2.5 per cent after farm officials said that following foot and mouth disease among Taiwanese pig herds, a suspected outbreak of disease among chickens was a false alarm.

TOKYO fell on the government's closure of Nissan Mutual Life Insurance; investors were reminded of the financial sector's bad debt problems and there were other, knock-on effects, writes Gwen Robinson.

The Nikkei 225 average fell 85.21 to 18,122.86 after moving between 18,571.36 and 18,448.53.

As a mutual, NMLI was not listed, and bargain-hunting in blue-chips and other selected issues helped limit the losses as investors sold off issues in which the insurer was a large shareholder.

Ahead of the "Golden Week" holiday period that begins on Monday for companies in the manufacturing sector, volume eased from 453m shares to an estimated 413m. Declines outnumbered advances 715 to 382 with 147 unchanged.

The Topix index of all first-section stocks fell 7.46 to 1,411.63 and the capital-weighted Nikkei 300 was down 1.22 at 273.77. In London, the ISB/Nikkei 50 index rose 1.49 to 1,510.04.

Among declining issues held by NMLI, Nissan Fire and Marine Insurance fell Y60 to Y460 and Nissan

THE WEEK'S CHANGES

Index	% Change
Taipei	+3.9
Tokyo	+1.4
Karachi	+1.0
Hong Kong	+0.8
Colombo	-0.7
Bangkok	-2.3
Manila	-2.5

Motor Y3 to Y772. Hitachi Zosen fell Y12 to 441 and Nippon Suisan Y21 to Y286.

Banks suffered selling on rallies, with Bank of Tokyo-Mitsubishi down Y40 to Y1,990 and Sakura Bank Y37 at Y645. Blue chip exporters advanced, led by some electricals, high-tech stocks and precision instrument-makers. Sony gained Y60 to Y1,940, TDK Y70 to Y9100 and Canon Y20 to Y2,950.

Toyota advanced Y60 to Y3,590 on a positive investor response to Thursday's announcement of its Y100bn share buyback plan. Buybacks are still fairly rare in

Japan, which only relatively recently eased restrictions against the practice.

Citizen Watch, another company that was planning a share buyback, added Y67 to Y908.

In Osaka, the OSE average fell Y9.35 to 19,802.83 and volume swelled to 50.5m shares.

KARACHI rose 1.1 per cent on blue chip buying. Pakistan State oil rose with the market, Rs3 higher at Rs289 on buying by long-term investors who took the stock up to a high of Rs325 last month on a 58 per cent jump in profits, and who subsequently turned bearish.

MANILA was pulled down again by Empire East, the beleaguered property company hit by rumours of bankruptcy, and by its parent, Megaworld Properties. Empire said that it was going to buy back some shares in the market, and it still closed 60 centavos lower

at 5.20 pesos. Megaworld shed 30 centavos at 5.40 pesos, and the composite index came in 33.96 lower at 2,872.37.

HONG KONG was a two-tier market: China concept, or red chip stocks stayed in vogue, China Merchants rising 70 cents to HK\$8.55 at the top of the active list; but the Hang Seng index fell \$1.07 to 12,645.78, Giordano losing 65 cents at HK\$4.50 after a planned placing of new shares with mainland Chinese companies flopped.

COLOMBO had its third successive setback after a previous gain of 23 per cent this year, the CSE index continuing its correction with a fall of 14.12 to 716.2.

BANGKOK ended down for its seventh straight session, the SET index losing another 4.42 at 684.00 as nagging economic worries sparked sales of most blue-chip stocks.

© Sydney and Wellington were closed for Anzac Day.

Record day's trading in South Africa

Shares in Johannesburg ended the day broadly lower after the central bank hinted at tighter monetary policy, but racked up best-ever volume. More than 1.5bn shares were traded.

Volume was boosted by asset swaps, a spectacular debut for Nando's, a restaurant chain, and hectic foreign activity after the central bank suggested that it might have to "tighten" in order to curb credit growth. Nando's traded 10.6m shares and shot up to R1.50 against a flotation price of R1.00. Richmont traded nearly 6m shares while Iscor saw 8.5m shares change hands.

The all-share index closed off 15.9 at 7,072.07 with industrials down 19.4 at 8,406.0 and golds 4.5 lower at 1,235.0. South African Breweries fell R1.25 to R130.50.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is delivered by Eikon, part of Financial Times Information Services. The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order of the day's highest and lowest trades. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date. The size of individual deals are rounded to the nearest thousand and represented within parentheses, where available. © Derivatives at special prices. * Derivatives done the previous day.

British Government Stocks

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VERY LIMITED NUMBERS

COMPANIES FT MARKETS

Weekend April 26/April 27 1997

brother
PRINTERS
FAX MACHINES

Internet links 'will cut phone call revenues'

By Alan Cane

Deutsche Telekom, Europe's largest telecommunications operator, will see international call revenues fall by at least \$173m in 2001 as cheap Internet telephony grows in significance, a report says.

The study, by the London-based consultancy Phillips Tariffica, indicates that other international operators will be equally hard hit.

British Telecommunications will see revenues decline by \$106m in the same year while France Telecom will suffer a decline of \$94m. DT will lose more than BT and FT because of higher international call prices in Germany and a larger international market.

The Tariffica study covers

some 15 of the world's largest operators including AT&T and VNSL, the Indian operator. It says all are at risk from the growth in Internet Phone.

Customers will benefit from the plunge in prices. The cheapest rate from the UK to the US today is about 10p a minute.

Internet telephony could reduce this to 2p a minute, according to Tariffica.

It says that over the next three years, low prices will stimulate demand for calls which will compensate for the loss in international call revenues.

"But after 2000, the Internet will have grown significantly enough to create substantial demand by users and consequently produce a negative impact on operators' revenues."

Its estimates are the first firm figures on the likely losses operators will experience through the explosive growth of the Internet, the global computer network.

Internet traffic travels over the international telephone network at much lower cost than conventional calls because service providers buy international transmission capacity at deeply discounted prices.

This allows Internet users to call anywhere in the world for little more than the cost of a local call.

The Net Effect: The Impact of the Internet on World Telecommunications Markets. In five volumes: £1995; analysis only £1695. Phillips Tariffica, 40-41 Furnival Street EC4A 3JQ.

Collapse of insurer prompts concern in Japan

By Michio Nakamoto in Tokyo

Japan's finance minister moved yesterday to quell concerns over the failure of Nissai Mutual Life, a mid-ranking life insurance company, after the finance ministry ordered it to suspend operations.

It is the first Japanese life company since the second world war to face this sanction.

"Obviously, [Nissai Mutual Life] policyholders will be fully protected," said Mr Hiroshi Mitsuoka, finance minister. "We will liquidate the company swiftly and take sweeping steps not to upset policyholders."

The Life Insurance Industry Association of Japan, named as administrator, pledged to try to safeguard policyholders through a protection fund.

An emergency NML board meeting yesterday decided that a capital deficit of about ¥200bn (\$1.5bn) meant the company was unlikely to be able to continue operations, said Mr Hiroshi Mitsuoka, the president.

Nissai Mutual Life had been weighed down by bad loans and falling investment yields. Bad debts totalled ¥42.3bn at the end of September. In the year to March 1997 the company - which has assets of ¥2,167bn - expects net losses to have reached ¥52.5bn.

Losses mounted as Japanese interest rates and share and property prices declined and Nissai Mutual Life faced continuing high payments on contracts. About ¥100bn of the deficit stems from unrealised losses on stocks and ¥30bn from falling land values.

Yesterday's news triggered fresh concerns about Japan's financial institutions. Many analysts expect Nissai Mutual Life to be just the first of the country's weakened life companies to face closure.

"There is a real risk that it is the beginning of a trend," said independent economist Mr Andrew Smithers.

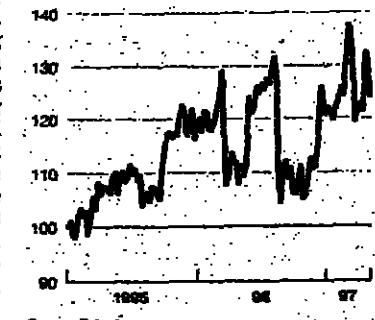
Regulatory roulette

THE LEX COLUMN

FTSE Eurotrack 200: 2240.9 (+0.6)

Philip Morris

Share price relative to the S&P Composite



Of course, it will be easier for a new Chancellor to succumb to the governor's pressure for higher rates, helping deflect any political fall-out. Still, there is room for some fiscal smoke and mirrors short of raising income tax. The febrile state of the housing market would provide a good opportunity to abolish mortgage interest tax relief. And if Mr Gordon Brown is the chancellor, do not be surprised if the ceiling on national insurance contributions goes too.

UK economy

Mr Eddie George, governor of the Bank of England, looks set finally to have his way. Growth in the first quarter was the fastest for more than 10 years. The housing market is gathering pace and the demutualisation bonanza promises to boost spending further. The issue is not whether to curb demand, but how. Right now, underlying inflation of 2.7 per cent is respectable. But the economy is growing faster than trend. On past evidence, this cannot continue without ending in inflation.

But what to do? The problem is the uneven nature of the recovery, prompted by sterling's near 20 per cent rally over the past eight months. The goods sector is struggling, while services, less exposed to the currency, are racing. Service prices are rising some two-thirds faster than goods prices. The trouble with higher rates is that they risk aggravating this uneven pattern by fuelling sterling strength. Fiscal policy may be a blunt tool for curbing demand, but at least it would not aggravate the sterling concern.

UK regulation

Why should anyone outside the province care about an announcement from the Northern Ireland electricity regulator? Because his decision to ignore several core Monopolies and Mergers Commission conclusions makes a mockery of the broader UK regulatory system. Since he risks setting a disastrous precedent, shareholders need to sit up and take note.

The whole point of the MMC's role in these cases is to provide an independent arbiter between company and regulator. Technically, regulators may reject the MMC's conclusions - the legal position is a bit flaky. But if so, not only is the MMC redundant but the balance of power is shifted unsustainably in favour of a single, unaccountable individual. Even regulators would surely balk at such a role.

The MMC's conclusions are carefully worded: the regulator's position may not turn out to be proof against legal attack. But unless they want a world in which, for instance, the gas regulator could feel free to overturn the MMC's imminent report, a public fuss

from shareholders would also help.

Profit warnings

The steady trickle of profit warnings this year threatens to become more serious. In the last two days alone, Imperial Chemical Industries, Laura Ashley, BAT Industries and Vickers have all warned about the outlook for 1997.

Though rather convenient, sterling's strength will no longer do as a catch-all excuse. While the pound has strengthened against the D-Mark in the first quarter - affecting around one-third of the UK stock market's overseas earnings - it has lost ground against the more important dollar. Vickers' main problem is its troubled medical division. ICI is suffering from overcapacity in commodity chemicals and Laura Ashley stocked up on too many frumpy dresses.

Management mistakes happen, of course. But the fact that companies from such different industries are making cautionary noises is worrying. That industrial stocks, particularly those with continental European exposure, are finding the going tough is no surprise. But Laura Ashley's example, added to hiccups at J. Sainsbury, Argos and MFI, suggests buoyant spending is not feeding through equally to consumer stocks. Old favourites with high earnings visibility and strong dividend cover, such as financials, pharmaceuticals and utilities, still look the safest bet.

BAA

BAA, the UK airports operator, looked frightfully prudent yesterday when it decided to stop capitalising interest costs related to the proposed fifth terminal at London's Heathrow Airport and take a £40m exceptional hit to the profit and loss account. But the decision is odder than it seems. Why? Because the uncertainty over the new terminal - which lacks planning permission and is unlikely to get it until the next century, if then - presumably affects all spending on the project, not just interest. Leaving interest aside, £129m has been incurred so far. And although perhaps a third of this would still have been well-spent even if Terminal 5 did not go ahead, the rest is on undeniably at-risk items such as inquiry costs and design work. To look convincingly half-shirted, BAA would have to write off these costs too.

Leading banks named in UK co-operative court case

By Clay Harris and Robert Wright

Confidential documents belonging to a UK co-operative that was being stalked by a predator were passed to some of the world's leading investment banks, it was revealed in affidavits in a UK court yesterday.

The affidavits were in connection with a hearing on a claim for damages by the Co-operative Wholesale Society, a large retailing co-operative, that one of its former executives passed confidential documents to the predator, Mr Andrew Regan.

Mr Christopher Clarke, QC, counsel for the CWS, said no one who could read could doubt the sensitivity of the documents. They were handed to a wide range of companies, mostly by Hambros Bank, adviser to Mr Regan.

Mr Regan and Hambros were seeking advice and financial backing for a £1.2bn (\$1.94bn) takeover bid which they were forced to abandon on Thursday when Nomura International, the Japanese investment bank, withdrew its



Pierce defence: CWS chairman Lennox Fyfe (left) and chief executive Graham Melmoth

financial backing. Other recipients of the documents included Goldman Sachs Bankers Trust and J.P. Morgan of the US, Union Bank of Switzerland, Société Générale of France and HSBC Investment Bank and the CWS's suspended retailing chief.

The defendants, apart from Hambros, were ordered to pay the Co-op's legal costs. Counsel for the defendants opposed the order for costs.

Hambros was added as a defendant to the Co-op's legal action against Mr Regan, his business partner Mr David Lyons, their companies Lancia Trust and Galileo Group, and Mr Allan Green, the CWS's suspended retailing chief.

The defendants, apart from Hambros, were ordered to pay the Co-op's legal costs. Counsel for the defendants opposed the order for costs.

Raided routed, Page 22

Companies in this issue

AEA Technology	3	Enso	23
Adtranz	2	Ericsson	23
Akzo	23	GEC-Alsthom	2
BAA	22	Giordano	23
BAT Inds	22	Granada	22
Bankers Trust	23	Hambros	2
Bilfinger & Berger	2	Hochtief	22
CWS	22	Holtzmann (E)	23
Christian Salvesen	22	Hyundai	5
Dawna	23	Lockheed	23

Markets latest

FTSE 100	4988.7	(-18.8)
Yield	3.70	
FTSE Eurotrack 100	2198.78	(-10.18)
FTSE All-Share	2122.15	(-85.21)
Nikkei	19812.86	
New York S&P 500	6752.82	(-39.33)
S & P Composite	787.84	(-3.34)
US LONDON MONEY		
3-mo interbank	6.15%	(same)
Life long gilt bid	Jun108 1/4	(Jun109 1/4)
US LUNCHTIME RATES		
Federal Funds	5.5%	
3-m Treas Bill Yld	5.25%	
Long Bond	5.95%	
Yield	7.135%	
NORTH SEA OIL (Aargus)		
Brent Dated	\$18.11	(17.8)
Gold		
New York ComexDec	\$348.4	(340.8)
London	\$348.45	(340.55)

STERLING

New York LuncTime	\$ 1.85405
London:	
DM	1.8231 (1.8235)
FF	2.7974 (2.7924)
Sfr	9.4485 (9.4222)
Y	2.582 (2.578)
£ Index	90.7 (90.8)

DOLLAR

New York LuncTime	\$ 1.7235 (1.717)
London:	
DM	1.7235 (1.717)
FF	5.82 (5.793)
Sfr	1.4876 (1.4838)
Y	128.08 (128.115)
£ Index	106.0 (105.7)
Tokyo close	¥ 128.4

FT WEATHER GUIDE

Europe today

Most areas will be cloudy and wet over the weekend. Only a few areas around the Mediterranean will have sun.

The cloudy and wet conditions are due to several frontal systems. One front, stretching from Russia to the Alps, will cause heavy rain in the Alps and some rain over Russia.

Another front will move into Europe from the west, producing cloud and rain over the British Isles, France and northern Spain. Italy will be the sunniest place on Saturday.

In the eastern Mediterranean, low pressure will cause some showers and thunder storms.

Five-day forecast

Conditions will remain the same as several more fronts cross the continent.

The British Isles will have showers and near gale force winds. Northern Italy and the Balkans will have heavy thunder storms.

TODAY'S TEMPERATURES

Moscow	sun 25	Paris	sun 31	Madrid	sun 22	Rangoon	sun 37
Abu Dhabi	sun 32	Cardiff	sun 14	Frankfurt	sun 21	Reykjavik	sun 7
Accra	sun 32	Geneva	sun 20	London	sun 21	Rio	thund 27
Algiers	sun 20	Chicago	sun 17	Manchester	sun 23	Rome	sun 19
Amsterdam	sun 15	Cologne	sun 18	Milan	sun 22	S. Francisco	sun 23
Athens	sun 18	Dakar	sun 25	Moscow	sun 23	Seoul	sun 22
Akron	sun 25	Dallas	sun 20	Mumbai	sun 28	Singapore	sun 23
B. Aires	sun 22	Delhi	sun 37	Montreal	sun 11	Strasbourg	sun 19
Bangkok	sun 28	Dubai	sun 33	Nairobi	sun 15	Sydney	sun 22
Buenos Aires	sun 20	Dubrovnik	sun 18	Naples	sun 18	Taipei	sun 22
Calcutta	sun 20	Edinburgh	cloudy 12	Nice	sun 18	Toronto	sun 12
Cairo	sun 20	Jersey	sun 15	Norwich	sun 17	Vancouver	sun 17
Cape Town	sun 20	Kuala Lumpur	sun 26	Osaka	sun 14	Venice	sun 17
		L. Angeles	sun 24	Paris	sun 24	Vienna	sun 12
		Las Palmas	sun 27	Perth	sun 22	Warsaw	sun 15
		Lisbon	sun 22	Prague	sun 15	Wellington	sun 19
		Luxembourg	sun 16			Winnipeg	sun 13
		Lyon	sun 22			Zurich	sun 16
		Madrid	sun 21				

Station at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

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Lufthansa

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children in crisis

COMPANIES AND FINANCE

Ericsson advances 30% as sales surge

By Greg Mcivor
in Stockholm

Ericsson, the Swedish telecommunications group, yesterday underlined the buoyant state of its mobile phones operations by announcing a 30 per cent jump in first-quarter profits, driven by surging sales and sales of cellular phones and terminals doubled in the first three months, helping to lift profits before tax from

SKr1.55bn a year earlier to SKr2.2bn (\$262m).

Order booked rose for the 22nd consecutive quarter, from SKr28.8bn to SKr38.2bn. This was above expectations, although 7 per cent of the rise resulted from the consolidation of Ericsson's Brazilian subsidiary.

"Ericsson is demonstrating a new proof of strength in the first quarter," said Mr Lars Ramqvist, Ericsson chief executive. "The strong development of mobile tele-

phony in the world is continuing."

The earnings increase was broadly in line with market forecasts, but Ericsson's most-traded B shares slipped back SKr3.50 to SKr249.50 on a weak Stockholm bourse.

Net sales increased 36 per cent, from SKr22.7bn to SKr30.7bn. Ericsson said price competition from rival mobile handset suppliers remained tough but its operating margin had not suffered as much as expected,

probably because of strong demand for its latest cellular model.

"The price pressure on phones will naturally continue, but we have seen that to a lesser extent than [we] predicted," the group said.

Across Ericsson's operations, the gross margin narrowed slightly, from 41.7 per cent to 41 per cent.

Sales of mobile phones and terminals rose from SKr3.8bn to SKr7.6bn, while turnover in mobile systems,

the largest division, advanced from SKr10.6bn to SKr12.9bn. Ericsson does not disclose profits for its business divisions.

Mr Ramqvist said the GSM standard had made particularly impressive progress and that 45 per cent of the world's GSM users were now hooked up to Ericsson systems.

However, he said profitability at Infocom, a new division grouping Ericsson's old public telecommunica-

tions unit with multimedia businesses, was "weak". Infocom's sales increased from SKr7.4bn to SKr9.3bn.

Operating expenses increased 26 per cent, although Ericsson stressed the rise was less than the growth in net sales.

As in the first quarter of 1996, cash flow before financial items was negative. Ericsson attributed this to increase in working capital and customer financing commitments.

INTERNATIONAL NEWS DIGEST

Enso in talks to buy E. Holtzmann

Enso, the Finnish pulp and paper group, confirmed yesterday it was in talks to acquire E. Holtzmann, a privately owned German paper company, for a price believed to be about DM1.5bn (\$750m).

Holtzmann, a mid-sized group based in Karlsruhe, had annual sales of DM937m and pre-tax profits of DM40m in 1995, the last year for which figures are available. The addition of Holtzmann would raise Enso's newsprint capacity to 1.34bn tonnes, consolidating its position as one of Europe's biggest producers of the grade with a market share of about 7 per cent.

Greg Mcivor, Stockholm

Westinghouse trims shortfall Lockheed seeks closer ties with Europe's Airbus

By Christopher Parkes
in Los Angeles

Westinghouse's newly acquired Infinity Radio stations helped offset a decline at the US group's flagship CBS television network and trim 3 cents off its per-share loss in the first quarter.

Group net losses fell 8 per cent to \$151m and the loss per share on continuing operations declined to 23 cents from 26 cents.

The group, which is to spin off the rest of its industrial operations later this year and has planned its future on media, said the Infinity stations boosted revenues 18 per cent to \$2.2bn.

Radio beat the company's most optimistic expectations, Mr Michael Jordan, chairman, said yesterday, with cash flow, defined as earnings before tax, depreciation and amortisation, rising 38 per cent to \$91m. Revenue growth substantially outperformed the rest of the industry, the company said.

However, television operations suffered from declining ratings. Revenues slipped 5 per cent to \$177m and cash flow was down marginally at \$67m, with the decline limited by cost reductions.

Mr Jordan claimed network ratings among key demographic groups were starting to improve.

Other media businesses, soon to be joined by the acquisition of The Nashville Network and Country Music Television from Gaylord Entertainment, reported lower cash flow because of launch costs of a new cable channel, Eye on People, and expansion of its Telemundo Spanish language cable news business.

Industrial and technology operations, the rump of its once-dominant business interests, reported slightly lower sales and an operating loss of \$69m compared with \$1m a year earlier. Cash flow, excluding special items, slipped more than 200



Michael Jordan: radio helped Westinghouse cut losses

per cent from \$29m to a \$33 deficit.

Most of the division's trouble was blamed on the re-evaluation of a large interna-

tional energy contract. Power generation sales rose 4 per cent and the operating loss at the division fell 7 per cent.

By Bernard Gray,
Defence Correspondent

Lockheed Martin, the US aerospace giant, is seeking closer ties with the European Airbus consortium, according to Mr Mickey Blackwell, head of Lockheed's aeronautics division.

Lockheed and Airbus have already held talks about the possible involvement of the US company in the Airbus A3XX large airliner project. Although the talks have not produced substantial progress, both sides remain interested in negotiations.

The two groups have also discussed possible collaboration on the Future Large Aircraft military transport, which Airbus wants to build but which is blocked

because of a lack of funding by European governments. Lockheed and Airbus could work together to produce a cheap competitor to the McDonnell Douglas C-17 transporter being bought by the US Air Force.

Either programme could herald closer ties as the two groups react to the merger of Boeing and McDonnell Douglas, which has created the world's largest defence and civil aerospace group.

However, barriers to any stronger links mean that talks may come to nothing. The Airbus consortium has yet to convert itself into a conventional company with control of its assets, while the US government has a difficult relationship with France over access to military technology.

Write-offs cause heavy losses at Daiwa, Nikko

By William Dawkins in Tokyo

Daiwa and Nikko Securities, two of Japan's big four stockbrokers, yesterday reported heavy net annual losses because of the costs of writing off loans to affiliates burdened with property-related bad debts.

Both companies have now made net losses in three of the past five years - a difficult time for all Japanese stockbrokers owing to low

turnover on the equity markets and declining share prices.

The announcement comes a day after Nomura Securities, the largest Japanese broker, reported a big net loss, also caused by a debt write-off relating to an affiliate.

Yamaichi Securities, the fourth of the leading brokers, which is due to report on Monday, is also expecting a hefty net deficit.

Daiwa reported a net unconsoli-

dated loss of ¥84bn (\$666m) in the year to March, after a profit of ¥43.7bn in the previous 12 months. Stripping out the extraordinary write-off of ¥120bn relating to its affiliate, there was a decline in recurring pre-tax profits of 29.2 per cent to ¥44.2bn, on operating revenues down 3.3 per cent to ¥291.8bn. Within this, profits on dealing on its own account fell 44 per cent to ¥28.8bn.

The company gave no profit forecast, but said it expected a better performance this year on the strength of an expected recovery in the Tokyo stock market.

Nikko announced a net unconsolidated loss of ¥113.6bn in the year to March, after a ¥33.7bn net profit in the previous period. It had to write off ¥147.5bn to bail out three financial affiliates. Recurring pre-tax profits fell 52.7 per cent to

¥30.7bn on operating revenues down 11.2 per cent to ¥262.6bn.

Mr Masao Yuki, Nikko vice-president, said revenues from securities underwriting increased, but not by enough to offset a steep decline on dealing profits and commission income.

In spite of the losses, both Daiwa and Nikko are to maintain annual dividends unchanged at ¥8 per share.

Bankers Trust in custody buy

Bankers Trust yesterday agreed to acquire NationsBank's institutional custody business for an undisclosed sum. The business has \$133m in assets and will bring Bankers' total global assets under custody to nearly \$2,000bn. Bankers said the acquisition would not have a material effect on earnings.

"The acquisition... will allow us to further leverage our technology and custody infrastructure," said Mr Frank Newman, chairman and chief executive of Bankers Trust.

Bankers Trust said that as a result of the acquisition it would add custody offices in cities such as St Louis, Kansas City and Dallas, although an official said it may close more than 20 existing NationsBank offices. NationsBank has more than 20 custody offices, some of which it gained when it acquired Boatmen's Bancshares earlier this year.

Bankers Trust and the troubled Japanese Nippon Credit Bank yesterday unveiled plans to develop ¥50bn to ¥100bn (\$793m) worth of financial products - including securitisation - as part of their recently announced tie-up. The move came as the two groups reaffirmed their hope of buying a small stake in each other after the restructuring of the NCB was completed at the middle of the year.

Tracy Corrigan, New York and Gillian Tett, Tokyo

Giordano shares slide

Shares in Giordano fell 12.6 per cent yesterday to HK\$4.50 after its directors revealed that mainland investors had pulled out of a deal to buy new shares in the Hong Kong clothing retailer.

The introduction of mainland shareholders, announced last month, was seen as a sign of mended relations, boding well for the group's long-delayed expansion plans in China. The five mainland bodies were to have subscribed for an aggregate 40m new shares at HK\$4.90 per share. In total, this represented a 5.3 per cent slice of the enlarged share capital and would have raised HK\$196m for Giordano.

Louise Lucas, Hong Kong

Akzo hopeful on contraceptive

Akzo Nobel, the Dutch chemicals group, yesterday held out hope of more positive research findings on its new-generation oral contraceptive, after fears over its safety helped hold back first-quarter earnings.

Net profits of F1340m (\$176.5m), up 2.4 per cent, were near the bottom of expectations, and the shares fell nearly 3.6 per cent, to F1262.

Gordon Cramb, Arnhem

Comments and press releases about international companies coverage can be sent by e-mail to international.companies@ft.com

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS										THURSDAY APRIL 24 1997										WEDNESDAY APRIL 23 1997										DOLLAR INDEX			
Figures in parentheses show number of lines of stock										US Dollar Index	Day's Change %	Point	Yen Index	DM Index	Local Index	% chg on local	Gross Div. Yield	Local Currency % chg	US Dollar Index	Point	Yen Index	DM Index	Local Index	High	Low	% chg on local	Year's High	Year's Low	(approx)				
Australia (78)	223.99	-0.1	204.19	178.57	192.04	192.04	0.1	3.95	224.14	204.72	178.68	190.54	191.88	225.77	188.44	208.78	Austria (24)	183.61	0.2	167.38	146.37	163.80	163.84	0.4	1.92	183.32	167.42	146.14	163.20	181.84	180.04	174.70	188.48
Belgium (26)	240.36	0.3	219.15	191.64	214.58	210.12	0.6	3.40	239.58	218.20	190.99	213.28	208.78	241.54	205.80	208.00	Brazil (30)	242.99	0.8	221.52	193.71	216.81	476.32	0.6	1.15	241.18	220.21	192.22	214.68	471.75	247.23	155.36	155.36
Canada (114)	186.43	0.0	160.98	148.82	184.42	187.08	0.0	2.07	186.38	160.98	148.82	184.42	187.08	184.14	154.13	152.02	Denmark (28)	262.03	0.3	230.04	208.61	223.17	321.97	0.6	1.57	260.81	229.52	207.83	321.21	320.13	376.96	291.59	297.73
Finland (28)	254.32	1.4	231.85	202.74	227.02	275.08	1.4	1.68	250.82	229.08	199.85	223.29	271.38	268.58	180.80	182.28	France (81)	211.12	0.1	192.48	168.30	185.45	191.28	0.3	2.98	211.00	192.70	168.21	187.85	191.24	225.25	188.94	197.48
Germany (58)	189.28	0.2	182.02	163.17	178.22	178.22	0.0	1.58	190.12	182.76	163.38	178.15	178.16	207.85	164.47	170.25	Hong Kong (69)	458.76	0.2	419.22	365.72	408.51	458.31	0.2	3.29	458.00	419.22	365.11	407.74	455.57	514.49	407.55	427.25
India (27)	291.28	-0.7	210.94	184.37	206.45	344.58	-0.2	1.58	292.88	212.85	185.83	207.30	345.57	0.0	0.0	0.0	Indonesia (18)	351.30	0.1	302.03	264.11	298.79	301.05	0.1	3.17	351.09	302.36	263.94	294.78	301.38	343.35	270.08	274.25
Italy (69)	195.75	-1.2	179.08	158.16	177.44	110.60	-0.9	2.84	197.79	181.99	159.39	178.15	111.68	88.32	73.25	82.29	Japan (48)	115.44	0.1	105.54	92.18	105.65	92.05	0.1	0.85	115.53	105.51	92.10	102.85	92.10	164.88	107.57	108.89
Malaysia (107)	539.43	-1.5	491.77	430.03	481.52	520.57	-1.2	1.23	547.75	500.24	436.66	487.63	528.86	600.85	512.47	573.49	Mexico (27)	1365.08	-1.0	1244.44	1088.20	1218.51	1171.48	-1.4	1.17	1378.27	1259.84	1088.83	1227.88	1177.14	1443.68	1110.35	1290.45
Netherlands (18)	351.06	0.1	302.06	260.57	271.14	310.29	0.4	2.32	351.54	301.05	260.24	312.98	309.05	357.10	270.68	288.98	New Zealand (14)	114.54	-0.2	77.82	67.77	75.90	85.24	-0.1	4.50	114.53	77.82	67.77	75.90	85.23	85.23	85.23	85.23
Norway (41)	298.76	-0.8	272.38	238.16	266.70	286.84	-0.4	2.13	299.14	275.02	240.06	268.09	287.92	321.23	243.73	250.14	Philippines (22)	175.93	-0.7	160.38	140.25	157.04	231.20	-0.7	0.78	177.20	161.83	141.26	157.78	232.83	0.0	0.0	0.0
Singapore (43)	372.14	-2.0	338.28	286.87	332.19	247.88	-2.1	1.14	375.00	348.95	302.85	338.21	252.80	448.01	371.28	433.06	South Africa (44)	268.59	0.2	238.92	205.87	220.11	348.28	0.1	2.42	268.04	238.92	205.87	220.11	348.28	0.0	0.0	0.0
Spain (35)	225.49	0.8	205.05	179.83	201.37	247.60	-0.5	2.64	227.48	207.76	181.35	202.62	248.90	228.16	171.91	177.75	Sweden (49)	421.12	0.8	389.91	335.71	375.91	477.97	1.4	2.18	417.14	389.96	335.74	371.38	471.30	448.64	344.35	344.84
Switzerland (58)	267.32	0.8	248.70	215.19	238.62	242.40	1.0	1.56	264.82	241.95	211.19	238.65	240.01	287.32	228.38	244.11	Thailand (43)	80.89	-0.8	73.84	64.37	72.30	81.56	-0.7	3.81	81.71	74.53	65.05	72.65	82.54	154.18	73.98	77.82
United Kingdom (211)	283.86	0.2	258.78	228.29	253.38	258.78	0.0	3.80	283.57	258.80	229.50	252.27	258.80	228.50	228.85	234.48	USA (533)	912.33	-0.3	848.73	749.89	278.80	312.33	-0.3	1.84	913.23	848.73	749.89	278.80	312.33	331.54	254.79	265.34
Americas (824)										912.33	-0.3	848.73	749.89	278.80	312.33	-0.3	1.84	913.23	848.73	749.89	278.80	312.33	331.54	254.79	265.34								
Europe (726)	248.21	0.1	224.08	195.85	219.41	228.63	0.1	1.76	246.51	224.01	195.71	218.58	228.05	247.80	201.74	210.94	Nordic (10)	368.20	-0.7	335.85	291.54	328.80	368.20	-0.7	2.03	368.20	335.85	291.54	328.80	368.20	0.0	0.0	0.0
Pacific (108)	190.78	0.2	164.80	144.11	161.37	151.88	0.1	1.28	194.82	164.80	144.11	161.37	151.88	164.80	144.11	161.37	Pacific (108)	190.78	0.2	164.80	144.11	161.37	151.88	0.1	1.28	194.82	164.80	144.11	161.37	151.88	164.80	144.11	161.37
Europe Ex. UK (151)	210.14	0.1	193.77	168.50	184.81	184.81	0.1	1.94	205.45	193.77	168.50	184.81	184.81	205.45	171.91	177.75	World Ex. UK (151)	210.14	0.1	193.77	168.50	184.81	184.81	0.1	1.94	205.45	193.77	168.50	184.81	184.81	205.45	171.91	177.75
World Ex. UK (2269)	218.28	0.2	198.89	174.17	195.72	195.72	0.1	1.83	218.63	198.89	174.17	195.72	195.72	218.63	195.72	195.72	World Ex. UK (2269)	218.28	0.2	198.89	174.17	195.72	195.72	0.1	1.83	218.63	198.89	174.17	195.72	195.72	218.63	195.72	195.72
World Ex. Japan (1952)	230.67	-0.1	204.59	178.10	200.62	201.93	-0.1	2.04	229.05	205.53	178.40	200.35	202.15	233.32	202.30	212.94	The World Index (2477)	224.75	-0.1	204.59	178.10	200.62	201.93	-0.1	2.04	229.05	205.53	178.40	200.35	202.15	233.32	202.30	212.94
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PERSPECTIVES

Minding Your Own Business

Tied to the job for love and money

Tim Burt on a two-man company reliant on rope, tackle and lots of mutual trust

Paul Dewey knew something was wrong when the 500-tonne crane started to shudder. Inside the crane's telescopic arm, a hydraulic pin sheared suddenly and Dewey, a veteran scaffolder, was left clinging to a steel mast 100ft above the Seville skyline.

"It just collapsed beneath me. I was unlucky - almost every crane in Spain had been hired for the World Expo and I was working on the knackered one."

Five years ago, Dewey and his partner Nick Farrer were part of a crack construction team recruited to erect the showcase pavilions for Expo '92, the world trade fair hosted by Seville and used by large industrial countries to encourage inward investment and raise their cultural profiles. During 18 months in Spain, the two Britons helped complete a series of architecturally outlandish buildings, each designed to celebrate the national culture and trade benefits of the exhibitor nation.

Dewey and Farrer were charged with making the architects' ideas a reality. Working for the German construction company Montage Baur Auer, they helped install fabric roofs shaped like whipped meringue, elliptical saucers or huge scal-

Farrer, 31, claims the event marked a watershed in the use of tensile building materials - the high tension fabric used increasingly to cover sports stadia and exhibition centres.

"Seville showed that architects could break away from glass and steel," he says.

Since Spain, the two-man partnership has installed tensile roofs across continental Europe, and more recently at Middle East venues such as Dubai's main shopping mall and Al-Ain international airport.

The growing market for such membranes persuaded them to set up Mantaray Tensile Structures in October 1995. The business claims to be the UK's sole independent installer of such roofing systems, and one of only three in Europe.

In its first year, it enjoyed turnover of about £55,000. Given that its overheads are restricted to tendering costs, installation tools and Farrer and Dewey's accommodation, the margins can be mouth-watering. Dewey says profit margins stand at about 75 per cent to 80 per cent, giving first year profits of about £40,000. Profits for 1996-1997 are expected to be modestly increased.

Mantaray's start-up costs were minimal. The partners invested seed capital of just £5,000 to start the business, most of that for new equip-



Not for vertigo sufferers: Paul Dewey, on the roof of De Montfort University, Leicester: 'you have to know how to tighten a nut'

ment. "We were lucky enough to begin without any loans or grants, and the first job - a £10,000 contract for a tensile roof at a north of England supermarket - sustained us to the next one," says 39-year-old Dewey.

The main challenge to Mantaray's business comes from membrane manufacturers which have their own in-house installation teams. The more complicated the structure, however, the greater the need for international experience - an area where Dewey and Farrer believe they have a head start.

Architects, they claim, demand engineers with

proven track records. Although the margins are high, rivals might also be deterred by the risks involved. No insurers will offer a policy to these latter-day steeplejacks; they rely on the basic public liability cover, provided by the company to which they are contracted. They rarely wear hard hats or use scaffolding; ropes and climbing tackle keep them aloft.

"You just have to love climbing and know how to tighten a nut," Dewey says.

There is more to it than that. Unlike traditional canvas, modern tensile roofs are made from glass fibres coated with Teflon, known

as PTFE. The material is non-combustible, supremely flexible and 10 times more expensive. On most projects, the PTFE roof is delivered in a large pallet with up to 2,000 sq metres of fabric inside - worth about £1m.

"There are two basic rules," says Dewey. "You treat the fabric like gold and never rely on an engineer to tell you how to put it up."

Most such roofs are suspended from steel masts, and then tensed to about 11 tonnes per square metre to meet the bizarre shapes specified by the architects.

On larger projects Mantaray sometimes hires "Rats" - rope access techni-

cians - to help with the installation; and once the fabric is ready to be suspended, the crew work without pause until it is up.

That means working through the night. But Dewey and Farrer prefer it that way. "It's easier at night because it's quieter. You can hear the groans and moans when something is overloaded or the fabric is stressed," says Farrer.

For Mantaray, the main enemy is wind. "Putting up one of these structures is like raising a sail," according to Dewey. "A freak gust can pull it down."

So far, however, none of the group's projects have

come to grief. That record has now attracted the attention of one of the companies hoping to build the UK's largest tensile structure - the Millennium Dome.

Landrell Fabric Engineering, one of the UK's leading PTFE manufacturers, has asked Dewey and Farrer to join its bid for the Millennium contract in Greenwich, London. The order is a tall one. The design specified by the Lord Rogers, the architect, requires 72 huge panels of fabric, each 173 metres long. They will be suspended from a dozen 100-metre masts and cover an area of 96 acres.

Landrell, which hopes to supply half the fabric and install it with Mantaray's help, believes the total contract could be worth up to £5m.

If the Mantaray duo win a slice of the sub-contract work, they expect to spend up to six months working high above the Greenwich peninsula, no scaffolding or safety nets, just miles of cable and experience.

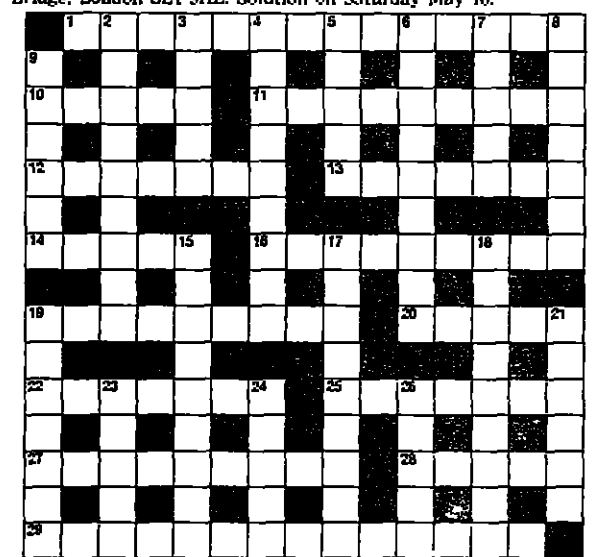
"We know each other well," says Dewey. "The trust runs pretty deep, especially when I'm holding Nick's life on a piece of rope."

Mantaray Tensile Structures, 3 Cork Street, Bath BA1 3BD. Tel & Fax: 01225 448167.

CROSSWORD

No. 9,359 Set by CINEPHILE

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and five runner-up prizes of £5 Pelikan vouchers. Solutions by Wednesday May 7, marked Crossword 9,359 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 10.



Name: _____ Address: _____

- ACROSS**
- Wigged too, nothing loth, being old (3,3,5)
 - Rice pape? (5)
 - Blind: it's not nearly so much (6)
 - Song about vulgar fellow in pastoral situation (7)
 - One has oneself to rescue backed by doggy behaviour (7)
 - Crow getting butter round plate (5)
 - Partisan for Choc, having lost Virginia, holding small channel (9)
 - Luffing manoeuvre won't get you a mid-day meal (4,3)
 - 27 Ordinary chap, Cinephile, and a rotten eater meet a QB (3,2,1,6)
 - Duke about front of TV on table? (1,3)
 - Lolita, myth contrived with pen (7)
 - See 20
 - Not relaxed for the present maybe (4)
 - Dress me again in old fashion, and turn them on in the old place (10,4)
- DOWN**
- Conservative with alumni? (3,3)
 - Sound of leader being mocked (5)
 - A cult lost goes to mott, vate the heritage business (9)
 - The end of the Dutch - the shivers for their government (5)
 - Four-letter word causes great trouble in ear (5)
 - Dancers drawn from competitor to be listed (5)
 - Houses old coin, praise the Lord (7)
 - Originated from air crash at pole (6)
 - Type setter, as it were, at forbidden city (America's to the right) (9)
 - Outs, deprived of top weight, was an astronomer and physicist (9)
 - Metal obtained more from Milan than Umbria (9)
 - Drunk sailor? You shouldn't smoke (4,3)
 - Chat to Jack the toad (6)
 - Seek to cure a party (5)
 - Leg broken before morning light (5)
 - 26 Sporting event could be victim of strike (5)

Solution 9,358

SANDWICH BRIGITTE
A E A A H
C H A P I N S H A N
B E I I O G
E L E V A T O R H O W E R
O A S N I
G A D A V E R O U S
A A O L E D N T
I M M A C U L A T E G A
S P R O U T A U G U S T
T O P T R I H
R A S H A D M O N T A G N E
I I D U E R
P L A N T S E S T R A N G E

WINNERS 9,347: G.D. Hatcher, Tunbridge Wells. Kent; Mrs C. Curtis, London W5; J. Goldby, Bury St Edmunds, Suffolk; J.S. Benton, Uxley, W. Yorkshire; A. McNeill, Birky, Huddersfield; A.L. Sutton, Harpenden, Herts.

CHESS

Luke McShane, the Westminster School 13-year-old who last month became Britain's youngest ever international master, is already proving himself a serious contender for the higher grandmaster title.

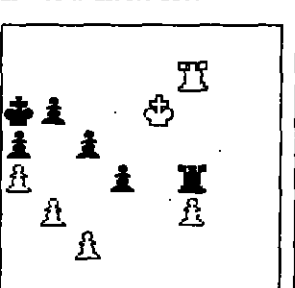
McShane, who achieved his third and final IM norm at Gelsenkirchen, remained in the German town for another tournament at Easter, which he led with 6/7 after a win and two draws against ex-Soviet GMs. Fatigue then set in and he lost his last two, also both to GMs, but his performance rating of 2,550 points, only 50 short of the required level for a GM norm, was his best yet.

The Swiss magazine Schachwoche called him the youngest ever "Amateur Child IM", pointing out that in contrast to previous age record-breakers, Luke still attends school normally and thus has to miss several good tournament opportunities (McShane v Jirovsky, 1 e4 d5 2 exd5 Qxd5 3 Ne3 Qd6 Black's Scandinavian Defence is fashionable after Anand used it against Kasparov in their world title match, but here most players prefer Qe5).

1 d4 Nf6 5 Nf3 a6 6 Be2 Ne7 0-0 Bf5 8 Be3 0-0-0

Bd3 e6 10 Ne2 Bg4 11 Ng5 Bh5 12 f3 Nd5 13 Bf2 f5 14 Ng3 Bg6 15 Re1 Nf4 16 Be4 Nx4d4 Not e5 17 dxe6 Qxd1 18 Rxd1 Rxd1 19 Rxd1 Nxe5 20 Ne6! 17 c3 h6 18 Qxd4 hxe5? Black neglects king safety. Qxd4 19 Bxd4 hxe5 20 Bxe6+ Nx6e6 21 Rxe6 Bf7 is better.

19 Qa7! Qe6 20 Rad1 Bd6? Nd5 is a better defensive try. 21 Bxe6+ Nx6e6 22 Rxe6 Bh7 23 Rxd6! cxd6 24 Rxd6 24 Rxd6 Qxd6 25 Qa8+ wins a rook. 24 Re7 Resigns. If b5 25 Bb6 wins. No 1177



An old Russian game Zubarev v Grigoryev reached this ending where White has just offered a rook exchange, expecting to queen his f3 pawn; but the endgame composer Grigoryev won as Black (to move). What was the flaw in White's reasoning?

Solution Page XXII

Leonard Barden

BRIDGE

At Duplicate pairs, aggression and nerves of steel are required in the relentless quest for extra points.

South So. South passed, and led 54. North cashed 4AK and J6, which East won. East now led 8V to K9. North winning with AV. Judging well that there were no more defensive tricks to be had in either hearts or clubs, North led his final spade, conceding a ruff and discard, but providing an opportunity to promote South's trump holding. Sure enough, East faced two losing options. If he trumps low, or discards, South scores his 84; if he ruffs high, South refuses to overruff, and merely awaits his two trump tricks later.

That refusal to overruff is crucial for, if South carelessly beats East's 104 with his K4, that will be his only trump trick. If he ducks, his K4 will beat one of East's honours, and his 94 will score later. This, together with North's A4, provides six tricks, the magic 300pts, and a top score.

West opened INT, which North doubled for penalties. East ran to 2D. South and West passed, and North doubled again. South now faced a choice between bidding 2H and passing the double out for penalties. With East-West vulnerable, defending offered the prospect of +200 for defeating 2D by one trick - a score which would beat any part-score by North.

Paul Mendelson

The Nature of Things

Casting light and shade

Andrew Derrington on a novel way of funding curiosity-driven science

Church lighting does not seem to have much to do with basic scientific research. However hundreds of years ago Galileo worked out how a pendulum keeps time by watching the swinging cathedral lamps during a boring sermon and timing them with his heartbeats. And today in Tucuman, church lighting is very important for research.

The Institute of Lighting Technology, Light and Vision at the national university of Tucuman (UNT) is working on a \$500,000 project financed by the Argentinian secretariat of public works to design lighting systems for 40 churches and 30 other monuments in north-west Argentina. Half of the profit from the project can be ploughed back into basic research.

"The monument project is a very good example of how we work," says Elisa Colombo, the director of the institute. "It has a bit of everything we do - teaching, research, international co-operation and technology transfer."

Teaching and international co-operation were necessary because many of the churches had architectural features common in Spain. Spanish experts came to Argentina to give a course on appropriate lighting systems. Some of the monuments are actually museums set up in the houses of famous historical Argentinians. Research was needed to discover how to strike a balance between lighting them as houses and illuminating the objects on display. When the specifications for lighting systems have been drawn up, local companies will have the business of producing them.



Illuminating church project is helping to keep the scientists happy

lougher in Argentina. "Formally our science funding is like that of a developed country," says Carlos Kirschbaum, former head of the institute and now secretary of science and technology at the UNT. "We have all the apparatus of research councils, committees and so on, but there just isn't enough money."

"Investment in research in Argentina is less than a third of the expected level for a developed country of 1 per cent of GNP," Kirschbaum says.

The general shortage of research funding means that service projects - to evaluate lighting needs and to design efficient and appro-

appropriate lighting systems for workplaces and public spaces - provide essential funds to maintain the institute's research capability.

Colombo and Kirschbaum have grateful recollections of the 1978 football world cup. Argentina won the tournament. The institute had already won the contract to test the lighting for all the stadia. This enabled it to buy equipment that put it at the forefront of lighting laboratories worldwide. "That was the first really big project we had," says Colombo.

Companies often ask the institute to survey their lighting needs because they want to reduce their energy bill. "We can usually produce cost-savings by increasing efficiency, but we never guarantee to do so," Kirschbaum says. "Providing adequate lighting is much more important."

Improving the lighting can often bring unforeseen benefits. In one recent project in a local bank where the lighting had been completely inadequate, the energy bill went up by 50 per cent after the new lighting was installed. However, the standard follow-up survey showed that the employees are now much happier at work. "They even dress better," Kirschbaum says.

Sometimes the savings can be spectacular. The institute has just finished a contract to provide lighting for a television-controlled robot that does maintenance work inside a nuclear reactor. It was a difficult problem because the heavy water inside the reactor is murky and the fuel containers produce lots of strong reflections. In the end they solved the problem by designing a reflector that cast the light in a way that reduced the dazzle. Before the institute began its study, which cost \$50,000 and included developing computer programs to improve the bad television pictures already obtained, the reactor was inadequately lit by a 6 kilowatt lamp that cost \$30,000 to replace.

"We showed how they could light it properly with a 50-watt bulb," Kirschbaum says.

Both Colombo and Kirschbaum feel that the institute's way of funding basic research is not ideal and that the government needs to do more. But Colombo is "optimistic" that recent government programmes to monitor the research performance of universities and their staff are the beginning of a change for the better.

I am less optimistic. Similar schemes in British universities have brought a huge increase in paperwork with no extra money. Even so, I hope she is right. She deserves to be.

The author is professor of psychology at the University of Nottingham. Last week he gave a course on the visual system to researchers at the UNT.



Myth of a cowboy
'John Wayne's universal appeal cannot be denied, even in a country where the frontier died 600 years ago.'



The Primrose Question
'What are the chances of preserving wild fritillaries if most over-educated under-40s have no idea what they are?'



Dutch hero
'Cruyff was never like the Amsterdam baby boomers, the long-haired "provos" who offered raisins to policemen.'

Page V

Page XVIII

Page XX

The very model of a modern Moslem state

The whole world will have to rethink its prejudices if Malaysia's interpretation of Islam proves successful. James Kyng reports

Suspicious were stirred when a young woman and a man, surely too old to be her husband checked into a hotel in Sungai Petani, a town set among paddy fields and coconut palms in northern Malaysia. After a phone call from the front desk, the religious department officials moved in. The couple protested their innocence, insisting they were lawfully married, but were arrested and thrown into cells, separately, for the night.

The pair were presumed to have broken the Islamic prohibition against *khawlat*, being in "close proximity" with someone who is neither spouse nor relative. The standard penalty for offenders is six months in jail or a fine, or both. To prove their innocence, the couple had a copy of their marriage certificate faxed to the zealous religious officials, but they ruled that only the original document was acceptable.

The ordeal of the innocent couple served a public purpose. It was followed by a government decree that every state must issue portable, plastic marriage certificates. The idea was that they would sit along with the credit cards, golf club memberships, and snapshots of the children that fill the purses and wallets of modern Moslem Malaysians.

From its *khawlat* card to a new style of lavatory, and from pork-free supermarkets to developing a financial system that qualifies it for Asian "tiger" status yet still sits within the strict limits of the Koranic code, Malaysia is a Moslem model. Its crafted modernity undermines the western perception of Moslem countries as mindlessly brutal, veiled, bearded and barely medieval. And it challenges the more austere Moslem regimes of the Middle East, where the reforms are studied closely.

But, even in Malaysia, conservative clerics are ready to pounce on policy changes and denounce the reformer as heretic. Compromise and contradiction are achievements, hesitant steps in the right direction. In the capital, Kuala Lumpur, hotel

rooms have a Koran in the bedside table and a mini-bar stocked with bottles of hard liquor. Malay women wear the *bayu-kurung*, a body length dress which obeys Islamic customs on female modesty, but is made of gaily-patterned silk and tailored to show off, rather than obscure, the female form. It is a long way from the basic black of Iran or Afghanistan.

The compromises are born of interaction between Malays, who must be Moslem by law, and minority races, such as Chinese and Indians, who have freedom of religion. The constraints have inspired ingenuity. The Arab Malaysian Bank, is marketing an Islamic credit card - it is designed to reject payments for nightclubs, massage parlours and other proscribed activities.

In spite of the explosion of wealth, the apparent spread of materialism, and some signs of decadence, the practice of Islam has intensified. The designer-dressed faithful routinely bring their mobile phone to the mosque. And, more seriously, Malaysia's leaders are arguing that their style of rapid industrialisation is part of a broader Asian Renaissance. They argue that, in Europe, the Age of Reason undermined the Age of Faith, leaving countries and continents spiritually barren.

In Asia, on the other hand, and in Malaysia in particular, technological development, mass education and modernisation are being complemented by a flowering of communal religions. The individual is empowered, but not to the point of challenging God's right to rule.

Anwar Ibrahim, deputy prime minister, likely next prime minister and author of "The Asian Renaissance", is himself something of a renaissance man. A former student radical imprisoned for his beliefs in the 1970s, he has described himself as a "fundamentalist". But he quotes from Confucius and Shakespeare, and once persuaded the cabinet not to ban rap music. "The lyrics are good, the music is good," he says of the genre, to which he was introduced by his teenage daughter.

His eclectic, Moslem modernism is shared by Mahathir Mohamad, the present prime minister, who recently went to Hollywood during Ramadan, the Moslem fasting month, to star at investment seminars. He neither ate nor drank during daylight hours while staying in the citadel of western creativity and sin.

At home, Mahathir has set about changing the Islamic justice system. Malaysia's system of government is staunchly secular, while the dominant political party is wholly Malay and therefore Moslem. The justice system is similarly bifurcated: there are civil courts which are administered centrally, and separate Shariah (Islamic) courts answerable to local state authorities.

It is clear that Mahathir has little respect for the Shariah apparatus. He accused it of being dilatory

'Are we Malays or Moslems first? If Moslems, should we all behave like Arabs?'

in its business, and inconsistent and sometimes too harsh in its rulings. He then began a process of bringing the Islamic courts under greater central supervision.

"Only when Islam is interpreted so as to be relevant in a world which is different from what it was 1,400 years ago can Islam be regarded as a religion for all ages," says Mahathir. Like many others in Malaysia, the prime minister believes that the Koran should not be interpreted too literally - the tolerant, forgiving spirit of the holy book should be its starting point.

Such flexibility is also at the heart of attempts to make the financial system more Islamic. Banks have introduced products to get around a Koranic prohibition on charging or receiving interest. Stockbrokers have



On the high-wire of social engineering: Malaysia's modernity challenges the west and the more austere Moslem regimes alike

drawn up "Islamic indices", which contain companies thought to be free of *haram* (un-Islamic) business activities. A refinement has let investors see what percentage of a company's operations are *haram*, which includes serving alcohol or pork, involvement in gambling, and taking out interest-bearing loans.

"For most investors, the dividing line is about 30 per cent. If a company is more than 30 per cent *haram*, people think that it is beyond the pale," said one Islamic fund manager.

Recognition of Malaysia's efforts from the traditional guardians of the faith in the Middle East had been grudging. But, last month, Saudi Arabian authorities presented Mahathir with the King Faisal International Prize, prestigious in the Arab world, because "his wisdom and moderation as prime minister of Malaysia have reflected the magnanimity and forbearance of Islam".

However, only weeks before the award was presented, Malaysia was thrown into a ferment by suggestions that its Islamic "model" may be deeply flawed or at least vulnerable to the excesses of the west. Newspapers warned of an alarming increase in drug addiction, corruption and teenage prostitution.

It was an opening welcomed by the conservative clergy, who urged an immediate return to their brand of "orthodoxy". Mahathir searched for more secular solutions. He held a cabinet meeting in a Japanese tea house, where the intricate ritual of the ceremony and the discomfort of the sitting position tested his self-

control. He admitted that the wave of "social ills" was more prevalent among Malays than non-Moslem races.

For some thought, this is hardly surprising. "The young Malays are totally schizoid," says Hishammuddin Rais, a film director who spent 20 years abroad in political exile, much of it in the London suburb of Brixton. "Are we firstly Malays and then Moslems or the other way around? If Moslems first, then should we all start behaving like Arabs? There are no clear guidelines."

As a Malay film-maker, Hishammuddin cannot show a woman's naked armpits on screen. Yet such sights are common in imported television soap operas and melodramas. Another telling contradiction is that, in spite of an alarming rise in reported AIDS cases, senior Islamic academics refuse to allow the use of condoms by Moslems.

But nowhere is the threat to the envisioned enlightened society clearer than in the treatment of women. Zainah Anwar represents Sisters in Islam, which promotes women's rights. I met her for lunch in Bangsar Baru, the trendy quarter of Kuala Lumpur. Nearby was Finnegans, a new Irish pub, and a bar called Big Willie's.

"The Islamic authorities are always stressing family values," says Zainah, "but by their policies they are breaking up families." One problem is polygamy, legal and increasingly common. Islam states that there must be good reasons for a man to take extra wives, and just is not one of them. But today, says Zainah, most of the women becoming second, third and fourth wives

are the only state controlled by an opposition party, the Parti Islam se Malaysia, the leaders of which believe that the customs of Islam and the words of the Koran are not open to modern, flexible interpretations.

Life there has a simple quality, removed utterly from the hubbub of Kuala Lumpur. Hotel assistants are effusively friendly but hopelessly inefficient. On one evening recently, as the sound of the call-to-prayer reverberated across the low-rise city, a man and his son cycled slowly to the estuary to watch a glorious sunset in silence.

"We are following a path of slower development which has to be in pace with Islam," says Anwar Tan, a town councillor. "In Kuala Lumpur, everyone is so busy that nobody has time for the important things in life. You never see your children there because you are always in a traffic jam."

The chief minister of Kelantan is Nik Aziz, an elderly and softly spoken man in a white turban and gown. He supports (but has not yet introduced) full Islamic justice, which would punish thieves by amputation and adulterers by stoning. Women, he has suggested, should refrain from wearing lipstick because this could arouse impure thoughts in men.

But when asked about Kuala Lumpur's attempts at forming a modern Islamic state, the chief minister's eyebrows arched upward in pity. "We look at them [central government] not only as our enemy but also as our patient. We need to give them a cure."

In many ways, Malaysia is walking on the high-wire of social engineering. But it is not alone. The changes taking place here are influencing and are mirrored by neighbouring Indonesia, the most populous Moslem nation on earth.

If Malaysia succeeds, then south-east Asia, historically on the fringe of the Moslem world, could become its modern centre. And then the west would have to rethink its own preconceptions and prejudices about the "Moslem".

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This week's contents and columnists

Arts	VII, VIII	Lunch with the FT	III
Books	V, VI	Motoring	XIII
Bridge Chess Crossword	II	Perspectives	II-IV
Education	XX	Property	XVI-XVIII
Fashion	X	Joe Rogaly	III
Food & Drink	XV	Small Businesses	II
Gardening	XVIII	Sport	XX
How To Spend It	IX	Travel	XI-XIV
International Arts Guide	XXI	Weekend Investor	XXII, XXIII



Joe Rogaly
No satisfaction
New Labour is a hologram, a light-and-sound show
Page III

Perspectives
Kindred refugees
'We want to go back but we don't want to live with the Serbs'
Page IV

PERSPECTIVES

Shanghai whispers and a serial killer

In the absence of official comment on sensitive stories, the rumour mill takes over, finds James Harding

A couple of weeks ago, I started getting telephone calls about the Shanghai serial killer. "Have you heard about the murderer? People are saying he has already killed nine people, smashing them over the head with a sharpened hammer." Mr Li, a friend and financial analyst, called to tell me.

A few hours later, a local estate agent, who helped me to find my apartment, was on the phone. "Do you know about the serial killer? I have a friend at the Public Security Bureau - he says 11 young women are dead. Three more calls that day and the body count swang between seven and 25."

Every day from then on there was fresh "news": he kills young women with long hair; girls that carry knapsacks; girls that wear red; he strikes late at night or early in the morning; he prowls the parks and back alleys on the outskirts of the city; he will stop when he has killed 100 women. There have been daily titbits about the killer's identity. The widely held assumption was that he was one of Shanghai's hundreds of thousands of disgruntled workers laid off from decrepit state-owned industries.

As days passed, the city was

increasingly anxious and political prejudices started to seep out - he was a *weidwren*, one of the millions of migrants from impoverished rural areas that come to China's biggest city to work for a pittance and to be scorned by the bourgeois Shanghaiese.

Following a recent bus bomb in Beijing thought to have been planted by Uighur separatists from the far western province of Xinjiang, there was speculation that the murderer was a Xinjiang terrorist. Or a group of terrorists. On motorbikes. The name Xu Guochu resurfaced in conversation. He was the talk of the city last year, when his spurned and vengeful mistress blinded Xu's wife and young daughter by splashing them with corrosive acid. Two months ago, it was reported that Xu had disappeared. Shanghai residents put two and two together, calculating that the city's most publicised pariah had become the misogynist serial killer.

There was no official word. China's state-run media kept to

the strict diet of news approved by the Propaganda Department: successful progress in reforming state-owned enterprises; a drop in prices for home computers; countdown to the Hong Kong handover; and Chinese scientists grow a human ear on the body of a mouse.

Shanghai's Public Security Bureau refused to comment on the case and although journalists working for the city's largest media organisations - the Liberation Daily, Shanghai TV, Eastern Radio and the more populist Xinmin Evening News - were kept informed about the latest twists in the police hunt for the killer, they were forbidden from publishing a word.

In the vacuum of official or published information, the news that really matters to people is left to the rumour mill. Although China has a fast-reforming economy and a slowly liberalising society, the media is tightly controlled. Strict rules govern what appears in the press and all sensitive stories must be

referred to the Propaganda Department. As a result, journalists are some of the best informed people in Shanghai, yet only a fraction of what they know is printed. But they talk. By word-of-mouth, news spreads across a city of

In China, gossip is the source of the most sensitive news

13m people, who hear second, third and tenth-hand of killers on the loose or of scandals among China's new generation of celebrities.

The stock markets take street-talk more seriously than the party statements peddled in the official financial press. The Shanghai market, for example,

has been climbing cheerily in the last 10 days on speculation of a healthy reporting season despite a barrage of ominous editorials in the China Securities News that the market is overheated and that investors should beware "traps" that could be set by manipulative traders.

As gossip is the source of the most sensitive news, China is neither as opaque as you might expect, nor as transparent as the Propaganda Department would have you believe.

Instead, information is fuzzy. For example, there has been a corruption scandal at one of Shanghai's biggest steel mills and executives have been fired. What did they do? How many people lost their jobs? Were they imprisoned? The answers, right or wrong, are supplied by title-tattle.

In the year before Deng Xiaoping died, speculation on his health and whereabouts was imaginative. While Beijing stuck consistently to the line that the ailing paramount leader was quietly

at home, there were people in Shanghai convinced he was receiving advanced medical treatment in the city's best hospital. Others were equally certain that he was on life-support in the south of China, ready to hop over the border to Hong Kong to witness the historic return of the territory on July 1.

I was once told, only half jokingly, that the 92-year-old was actually walking there. But, like the death of Deng, reported quickly by Chinese standards only hours after it happened, news is eventually published, in full or part.

The Public Security Bureau remained tight-lipped about the serial killer for two weeks, because, as one insider explained, "the government thinks that if they make an announcement, people will get scared. It will damage the investment climate. So they would rather keep things quiet."

But people knew - or thought they knew - about the mass-murderer and they were scared.

When the big department stores closed at 10pm, husbands, boyfriends and brothers could be found hanging around outside, waiting to escort the nervous sales girls safely home. Small shops in the city were closing early to allow staff home before dusk. Young women wore their hair up and stopped carrying shoulder bags.

The rumours were more frightening than the facts.

The vice director of the municipal police station announced on Shanghai radio last week that they had apprehended a suspect. A 26-year-old man from Anhui province in central China was arrested in connection with a series of robberies in which two people had been killed and a dozen injured.

The killer allegedly used an iron bar to attack middle-aged women, stealing bags, wallets and electronic beepers. "Well, thank God! At least it is now over," I said naively to a Chinese journalist after listening to the radio broadcast.

"Do you really think so?" she asked. "It is more likely that it is a gang. And, anyway, you cannot trust the official announcement. It is too convenient - they had to calm people down and say they had caught someone."

Refugees with more than hate in common

Guy Dinmore meets the foes who have lived in the same house on the Yugoslav frontline

Maria Suski sits in a small room in Zagreb, trying to contain her hatred for a man she has never met. More than 200 miles to the east, Milan C. sits in a bomb-damaged house, he has rebuilt and fears for his life.

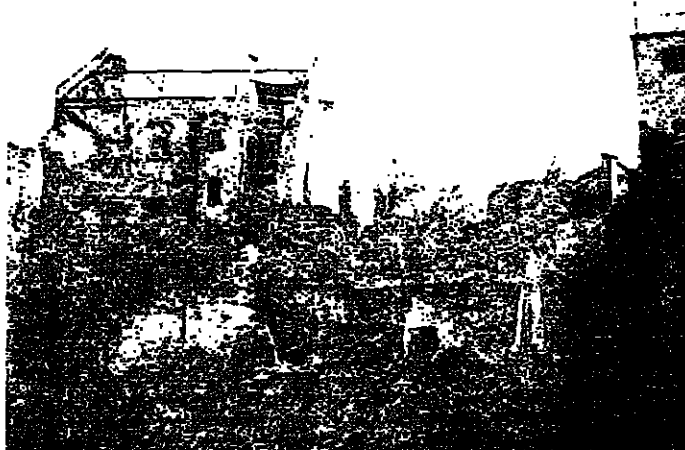
They are both refugees. Maria is a Croat, Milan a Serb and he is living with his wife and three children in Maria's house in Serb-occupied Vukovar in Croatia's region of Eastern Slavonia.

"We want to go back but we don't want to live with the Serbs," said Maria, describing the horrors of living through a three-month bombardment of Vukovar and its final capture by the Serb-dominated Yugoslav National Army in 1991. Her son was badly wounded while escaping through the front-lines deeper into Croatia. Her sister-in-law was killed.

"We can never forgive or forget that after the fighting they took Croats to concentration camps and killed people in the hospital," Maria said, referring to the massacre by Serb fighters of about 280 Croat men, some of them soldiers, sheltering in Vukovar hospital when the town fell. Most of their bodies have since been exhumed by the war crimes tribunal for former Yugoslavia from a mass grave.

Maria was lucky. She and her daughter were taken prisoner but released unharmed after spending a week locked up in a bus. They now live as refugees in the crowded Laguna Hotel, in the capital Zagreb, waiting for the day they can return. It is soon approaching.

With nostalgia Maria describes her home, number 32 Slavka Rudica, close to the Dvudik monument marking the slaughter there of 455 Serbs by Croatian fascists during the second world war. The house had a beautiful oak fence, two bedrooms and a small garden with a magnolia tree, she says



Bombed-out or burnt-out is the norm in war-torn Slavonia

and gives me directions.

"They would rather tear it down if they have to leave. They will destroy my house," she says. I drive across fertile flatlands, past the nodding donkeys of oil fields, through the UN-controlled checkpoint to Vukovar.

Again Maria is lucky. Half the houses in her street lie in ruins, weeds and young trees sprouting amid the rubble. But number 32 is still there, its outer walls pockmarked by shrapnel, just one room blasted by two direct hits. The Danube, marking Croatia's eastern border with Serbia, sweeps by. Gypsy girls tend goats and scavenge along its banks.

Milan opens the gate - the oak fence somehow survived - and invites me in to the small kitchen for Turkish coffee. He tells his story of the war - how his truck was seized by Croatian soldiers and used as a barricade. His own house in Vukovar was on the front-line and became a Croatian-held bunker before being burnt to the ground.

A rough-looking peasant soldier in his 40s, Milan speaks with

eloquence. He asks that his surname not be used, for although he says he was an ordinary soldier he is on a list of 150 Serbs accused by the Croatian authorities of war crimes. He knows he cannot stay in Vukovar. On July 15 the 5,000-strong UN force there will begin to pull out and hand over complete control of Eastern Slavonia and its 150,000 people to the Croatian government, based on an agreement hammered out between Croatia and Serbia in November 1995.

"I would not want to happen to this house what happened to mine. That's why I'm taking care of it. I rebuilt the roof," Milan said. "I'd like Maria Suski to come and I'll put the keys in her hands. I hold nothing against her, only the extreme nationalists who want to come back."

Few Serbs in Vukovar truly believe the two communities can live together peacefully again. Officials estimate at least 20,000 people will soon flee while the majority will wait and see.

Most vulnerable are tens of thousands of Serb refugees who



Milan, outside Maria Suski's house, which he says he is 'taking care of'

fled to Eastern Slavonia from Serb-held Krajina and Western Slavonia during two lightning Croatian offensives in the summer of 1995. Many now live in the former homes of Croats and have nowhere to go. There is still a concerted campaign of intimidation against the few Serbs left in Krajina and Western Slavonia.

Both sides say they were the victims of the 1991-1995 war. For the Christian Orthodox Serbs it was a war to prevent the break up of Yugoslavia and protect their rights as a persecuted minority. For the Roman Catholic Croats it was a just liberation struggle to stop Croatia being swallowed up into a "Greater Serbia" ruled from distant Belgrade and implemented by blood-thirsty nationalist paramilitaries.

Slezana Beric, a Serb journalist for the Politika newspaper, said in May 1991, before war broke out, she was beaten up in the street by a screaming mob then taken to the offices in Osijek of Branimir Glavas, an ultranationalist of the Croatia's ruling Democratic Union (HDZ).

"Glavas wanted to kill me and gave me to his soldiers to have fun," she said and produced court testimonies by other Serbs of war crimes allegedly committed by Croats, some in Vukovar hospital by doctors celebrated as war heroes in Croatia.

Nationalist passions surfaced again during local elections

Many Serbs live in the former homes of Croats and have nowhere to go

organised by the United Nations this month. The official campaign slogan of the fringe Croatian Justice Party (HSP): "For a happier Croatian family, one vote for the HSP is one Chetnik (Serb nationalist) less in the Danube area."

In late March a group of Cro-

atian politicians and the director of Vukovar hospital crossed into the town under UN protection and held a news conference. A crowd of angry Serbs pelted them with eggs, denouncing them as war criminals.

Maria Suski recalled the phone call she received soon afterwards from a woman who said "this is Serbian Vukovar" and refused to give her name. "We bombed them with eggs and when you come back we will bombard you with bombs," the caller said. Maria recognised the voice "We were best friends. She came for coffee every day."

Caught in the middle is the UN Transitional Administration in Eastern Slavonia headed by Jacques Klein, a cigar-smoking, no-nonsense American general. Klein's job is to hand over control to Croatia and oversee the peaceful reintegration of refugees. To heal the wounds of war the UN has organised sponsored visits in and out of the region by 40,000 people, demilitarised the area and set up a joint Serb-Croat police force.

But hatred and distrust persist. People on both sides get threatening phone calls and messages. One fax sent to the Serb council in Vukovar bore the second world war insignia of the Nazi-puppet Ustashe government that slaughtered many Serbs, Moslems and Jews. It "sentenced to death" Jacques Klein, the American General in charge of the UN Transitional Administration in the region, and 11 prominent Serbs.

Threats are coded in the language of religious and ethnic hatred. Sveljana Nestic, an economist working for the Serb assembly in Vukovar, said the owners of the house she is living in repeatedly called to wish her a Happy Easter and ask her if she was "feeling comfortable". The Catholic Easter falls one month before the Serb Orthodox festival.

Returning to Zagreb, I tell Maria that Milan is willing to hand over the keys to her house in person. I give her his telephone number. She is moved. "Perhaps we can all live together again," she says. "Who knows?"

'Everything in this book is lies'

Jimmy Burns took to the field in Argentina to promote his biography of Maradona

Jimmy Burns was the FT's man in Buenos Aires when Argentina invaded the Falkland Islands in 1982. Earlier this month he returned to the country to publicise 'The Hand of God', an unauthorised biography of Diego Maradona, former soccer star and still a national hero. Our man kept a diary of an eventful week.

Day One (April 2). Preparing to board a British Airways flight to Buenos Aires. I can't help but ponder the significance of the date - April 2 1982, the crowds, with national flags and anti-British slogans, pouring into the Plaza de Mayo, the terrible sense of shock and apprehension I felt at the thought that Argentines and English could soon be killing each other over distant islands.

Fifteen years on, I'm not bouncing with a sense of commemorative celebration. Days before my departure, a veiled death threat to the English, addressed to me, is posted to my London office by someone claiming to be a Falklands war veteran.

When I lived in Argentina I used to get more threats than I care to mention. But one had seemed potentially serious enough that the foreign office advised me to temporarily leave the country. So I ask a police contact for help. "Can't MIB check it out before I

fly?" I plead. "That might take at least two months," is the answer.

At the BA check-in desk, an airline employee asks me if I am Dr Burns and whether I will require a wheelchair. The computer mix-up fuels my paranoia.

Day 2. After touching down in Buenos Aires, Ignacio, head of media relations for Planeta, my Argentine publishers, seems close to breakdown. "No one wants to touch your book. They say they don't want to get on the wrong side of Diego [Maradona]. It's like a Mafia hit there."

In fact, Ezequiel Fernandez-Moore, a journalist, interviews me within hours. Fernandez-Moore is a hugely experienced football columnist with Pagina 12 - one of the harder hitting Argentine newspapers that speaks up for human rights.

While we talk over a cup of coffee in the lobby of my hotel, I catch sight of Carlos Bilardo, the former coach of the Argentine national squad who agreed to be interviewed for the book. "Hi Carlos. Remember me?" I extend my hand in friendship.

Bilardo glares at me, delivers three sentences of expletives and turns away. The exchange is described by Fernandez-Moore

in his newspaper the next day with the comment: "Burns has been warned that launching *The Hand of God* in Argentina is not going to be an easy task."

Day 3. Today, a journalist with pro-Maradona leanings, cuts me off in a live radio interview. Instead, he reads a very emotional poem about the Falklands conflict. But at least I'm beginning to get interviews.

My next radio spot is supposed to be a phone-in programme. The only person allowed to phone in live is Guillermo Coppola, Maradona's manager.

"Burns is a liar, and everything in the book is lies," declares Coppola to a prime-time national radio audience.

"Have you read the book?" I ask Coppola over the airwaves. He admits he has not. He insists that all that matters is that those I claim to have interviewed have told him they have never met me.

At supper with some old Argentine friends, conversation revolves around the power of myths in contemporary Argentina. "People here still think the topic of whether or not Evita died a virgin is a serious political issue," a journalist working with



an Argentine TV channel says. She tells me that a producer pulled a planned interview with me at the last minute because of "pressures from above".

Day 4. Maradona collapses during a TV show in Chile. Ignacio finds more local journalists prepared to talk to me.

Only a minority however have actually read the book. Questions still revolve not on what I have written but why I have written it.

They tell me Alan Parker, the film director, had the same problem of perception when he introduced his film version of Evita earlier in the year.

Later, during another radio interview, I am attacked again. A listener declares herself to be an unquestioning follower of Maradona and challenges my right as an investigative journalist and author to write a critical assessment of his life. "You've come to rob us, just like all the other English," she shouts.

Day 5. A pre-recorded interview for one of Argentina's leading football programmes. The journalist asking the questions admits that most of my answers will be heavily edited. I ask him what the problem is? "You've written a book about politics, about drugs, about Mafia. It's a touchy subject here. We won't broadcast it because Diego might react badly," he says.

Another phone-in. My interviewer is a former female model called Tete, who now runs a very successful afternoon chat show. My book lies on the table in front of her, crisp and unread. She looks clearly bored with the subject of football, but declares her professional duty to tackle a sub-

ject that is causing a bit of domestic bother. Once again, Coppola is called upon live to give his expert opinion. Once again Maradona's manager accuses me of lying. He is followed by Maradona's former accountant, Marcus Franchi, who I interviewed in October 1995. He too accuses me of inventing the meeting.

"But I've got tapes to prove it," I appeal to Tete. She glares at me unconvinced.

I go and see Luis Moreno Ocampo, a local lawyer I had befriended during the trial of the military juntas for human rights violations after the Falklands conflict. He was then deputy state prosecutor.

He tells me he is now a TV star and offers to mediate between Franchi and me by having us on his programme. "You'll do wonders for my ratings!" he quips.

Moreno Ocampo's show is called "Forum"; guests say what they like about each other after signing a statement that bars legal action. In a country where proving libel is lengthy and costly, the offer attracts me as a way of straightening the record. Franchi admits over the phone that I had interviewed him, but

backs out of the programme.

Day 6. A photographer insists on having me pose with a football on my head, just like Maradona. We are in the middle of Florida, Buenos Aires' main shopping precinct. I strike a ridiculous figure, a skinny, most unsporting figure in a suit.

I have been told that the photograph will accompany one of the few objective criticisms of my book in La Nacion, Argentina's leading broadsheet.

I then agree, at Ignacio's insistence, to another interview with a pro-Maradona TV production company. I am driven to a piece of open ground near the La Recoleta cemetery, where parts of Evita's body have been buried from time to time over the years.

There, a man with a baseball cap and a large microphone leads a final strike on behalf of the Maradona camp. Questioning my right to write the book, he asks: "How would the English feel if an Argentine turned up and wrote a book about Prince Charles and Lady Di?" I think they would love it, I answered.

Postscript. First day back in London. Spring is in the air but I feel wasted. An Argentine friend living in England receives a phone call from Coppola. "Why did you give Jimmy such a rough time, Guillermo?" she asks.

"By all we want from him is a 30 per cent cut," says Coppola.

The Hand of God is published on May 8 by Bloomsbury.

PERSPECTIVES



Joe Rogaly

No joy when only novelty is up for grabs

Who can mutter 'Be still my beating heart' as the image of New Labour rises up before you

Some of us are never satisfied. When we get what we have said we want, we complain. It is not enough, we yell. There is no joy in it. This dour law of nature has afflicted politics on both sides of the Atlantic. In the US, Bill Clinton defeated the left of his party and constructed the New Democrats. We cheered. He won twice. The first time we were quite pleased. Now we wonder what the president can do to justify his second term.

In Britain, Tony Blair crunched the indiscipline of the left, behind his predecessors. He designed and built New Labour, using blueprints faxed from Little Rock. Mr Blair hopes it will make him prime minister, next week. Perhaps it will. Nothing is certain until the votes are

cast. Yet few of us feel a rush of excitement. "Be still my beating heart" is not what you mutter to yourself when the image of New Labour rises up before you.

I am perplexed by this. For a quarter of a century and more I have been advocating the kind of change that has now taken place. Many others have done the same. We debated modernisation. Mr Blair carried it out. It is still astonishing to reflect on what he did. In the 1970s and 1980s, the unions visibly controlled the party. We said there must be a division between the union bosses and the elected politicians. Our model lay in the US, in the relationship between the AFL-CIO and the Democrats. The organisation representing the labour unions sent a cheque to the party, but otherwise kept itself at arms length. So it has

come to pass in Britain, most noticeably during the election.

On this side of the Atlantic we called for an abandonment of state ownership of industries. New Labour complied. We asked for an acceptance of the market economy. Yes, yes, yes, said Mr Blair. What about welfare, as invented by the New Right and blessed by President Clinton? Fine, says New Labour, but we may ease the pain by calling it welfare-to-work. How about out-flanking the Conservatives from the right, some of us proposed. The Blairites consider the privatisation of air traffic control.

We also asked for constitutional reform: proportional representation, to give the centre parties leverage and keep the left and hard right out forever; decentralisation, to curb the monolithic state; and an elected

House of Lords. New Labour has offered a referendum on the first, milk-and-water on the second, and a questionable down-payment on the third. A start, the charitable might say.

Yet judged by our 1970s and 1980s expectations of what was possible, the erstwhile people's party has come a long way. Will nothing satisfy us? Two decades ago the single most important objective in British politics seemed to be the destruction of Labour. It was very nearly accomplished by the Social Democrats in alliance with the Liberals. That partnership turned out to be ill-fated, barren. What we sought then was an alternative manager of capitalism, something less troublesome to social-democratic sensibilities than the Thatcher model.

We have that now, do we not?

Only if Mr Blair and his colleagues are lying. The above-mentioned sensibilities demand some gesture of redistribution of incomes or wealth or both. New Labour has not only turned away from tax-and-spend, it has accepted budgetary constraints so tight that if the party is elected its chancellor will choke on them. We long-ago modernisers demanded fiscal prudence, but this is ridiculous. A 50 per cent tax on incomes over £100,000, as proposed by Liberal Democrats, should not frighten anyone. It may even reduce the unpopularity of the super-rich. New Labour is too pusillanimous to propose even so modest a token of intent.

The same might be said of the party's approach to crime and civil liberties. I remarked to an American friend that Mr Blair

was trying to prove it could be more stony-faced, more nasty, than the Conservatives - as had President Clinton in his campaign against Bob Dole. "It worked for Bill," was the reply. It may work for Tony, but it will not make the streets safer.

Mr Blair might reply, reasonably enough, that he has an election to win, that Labour, new or old, can do nothing unless it is in office. I suspect that the source of our discomfort lies in that observation. Two spectacular conversions of formerly left-inclined parties have been brought about by professional politicians for whom what wins votes is what they suppose. That tells us about ourselves, not them.

The philosophy propounded by Ronald Reagan and Margaret Thatcher continues to prevail. The world belongs to the suc-

cessful, the well-to-do, the strivers, the wealth creators. There is no kingdom on earth for the meek to inherit. The gap between the top and bottom ends of society continues to widen, in both Britain and the US. At the end of the 20th century we are heading rapidly back towards the 19th. We are retreating into suburban enclaves with prisons dotted between them.

There are no new principles for politicians to propound, only competing uses of the media. We are governed by market-research politics. Find out what the punters want and offer it to them. New Labour offers nothing, save its novelty. It is a hologram, a light-and-sound show manufactured from the thought-waves of sample groups of selected voters. Disillusioned? It is enough to make a carthorse cry.

Lunch with the FT

Bread rolls, tall food and just a hint of politics

Lucy Kellaway meets Caroline Waldegrave, London restaurant owner (and politician's wife)

Caroline Waldegrave had just come back from the bookies. She had been doing her bit for her husband, William, the chief secretary of the Treasury, and had placed a bet on the Tories winning the election.

"It made me feel like a supportive wife," she said, and laughed in recognition of how silly she must sound. But in fact she didn't sound silly. Neither did she look it. Wearing no make up and a plain cardigan she actually looked rather sensible.

Distinctly sensible when compared with some of her customers - dolled-up ladies who were also lunching at Leith's, the west London restaurant which she owns jointly with Sir Christopher Bland, chairman of the BBC.

I had just asked her how their lives would change if the Tories lost. She did not bother to protest that they were going to win. Instead she looked a bit vague. "I don't know what happens - afterwards. I'm quite calm about it. My life will go on in exactly the same way. It won't have any effect on me, other than William will be less happy and less employed."

This was not what I had been expecting. Caroline Waldegrave, who makes up half of the Tory party's most attractive couple, was showing no signs of being prickly or defensive on behalf of her husband or his seemingly doomed party. Neither - and this was an even greater relief - did she seem intent on plugging her restaurant or Leith's cookery school which she also runs.

A friendly old retainer came round with a basket of warm, fancy little bread rolls. She thanked him

warmly. "Bread," she said, as she broke hers open. "I could live on it."

The idea of a woman who has devoted her life to food insisting that what she really likes is bread is preposterous. But somehow I found myself enthusiastically declaring that I, too, could live on bread.

Fortunately, it did not prove necessary. Even before our first courses arrived we were each presented with a little coffee cup full of something creamy and savoury: delicious.

I had planned to ask her all sorts of intrusive questions. For a start, was it true that her husband chooses all her clothes? But there was something about her openness that made me hold back; instead we found ourselves discussing how hard it was to put your tights on after you come out of the swimming baths, and agreeing that there are few bigger pleasures in life than lying in bed reading a rose catalogue.

"This restaurant isn't making pots of money at all," she said suddenly, noticing with relief that all the tables were filling up. "You see, the better the food, the more people you have to have cooking it."

While we pondered this sad fact of restaurant life, my first course arrived, which indeed seemed to have been prepared by a small army. A perfect upturned cylinder of raw tuna and vegetables. Very neat. Very pretty.

"The chef is so nice and so sweet and gentle. But I'm trying to wean him off tower cooking," she said, looking at my starter. She explained that "tail" food was becoming a cliché. I reassured her that I was quite unaware of



Caroline Waldegrave: 'If I didn't have a life of my own, I'd be totally miserable... In the week we have separate lives... I meet up with William late on Friday'

the height of my food, but that the tuna was lovely.

"If I didn't have a life of my own, I'd be totally miserable," she said in response to a question about life as a cabinet minister's wife. "Politics doesn't come into my

'I would desperately like to be rich. I'd buy a nicer house in the country. I'd have a pool'

life at all. In the week, we have separate lives. I set off for Somerset, four children, two dogs, no husband. I meet up with William late on Friday. During the weekend we all do energetic things - the youngest is nine so we can go for long bike rides. We

never go out on Saturday nights."

Things now are rather more unsettled, and she was planning to join him for two weeks knocking on people's doors.

"Two weeks every five years is not a long time. It's not nearly as ghastly as you might imagine. There's a sense of comradeship trudging round in the pouring rain. I'm usually pregnant and endlessly going to the loo."

The waiter seemed disappointed that she had not finished her duck confit. "It was nice, but too much," she apologised.

Where did she learn to cook, I asked. She told me how she had been sent off to Cordon Bleu cookery course by her parents, but had loved every minute of it and never looked back.

This was embarrassing as I had earlier said something spiteful about "spoil deb" on aimless Cordon Bleu courses.

She didn't seem in the least offended, and said that Leith's is far too expensive for anyone with an interest that is merely idle. In fact, the school's newest customers are City executives learning to cook as part of team building exercises. She showed me the brochure, which revealed that the price for these sessions was £45 a head.

You should charge three times as much, I said. These companies can afford it. "It would be a rip-off," she said, looking unhappy. "I would feel ill at ease."

I concluded that she was the sort of person who didn't care about money. But once again I had got it wrong. "I'd desperately like to be rich."

I'd buy a nicer house in the country. I'd have a swimming pool. The school is a terrific business, but I can only make money if I sell. But I love it so much. I wouldn't dream of selling."

"Here you are ladies. Bon appetit."

The waiter brought in our

main courses, mine another tower, this time of couscous and apple with a hailstorm of apple and cucumber balls. Hers was a piece of cod in a saffron and mussel soup.

What does she cook at home, I asked. She explained that every night she hurries home and makes something for her four children. Last night they had vegetarian lasagne.

"It wasn't something they particularly liked," she made a face.

Indeed as she talked about what they eat at home I began to feel sorry for the young Waldegraves. "When they were small I was completely and totally healthy. We didn't have butter, sugar, crisps or chocolate in the house."

"But now they are at school it is more difficult. It is easy to see what they are having because their pockets are full of sweet paper."

Is it possible that prohibition at home is driving them to the sweet shop? Their mother did not think so.

"Now the 16-year-old has come back to it. She's really interested in health. She has started making me run. She wakes me up at 20 past six, and we run till seven. I feel much better."

The meal had started with

'I'm not naturally thin. Between the ages of 18 and 23 I was 13 stone'

her telling me that she had given up alcohol for a bit, and now she announced that she had given up coffee forever, and so would have a camomile tea. It seemed silly that this naturally thin, young-looking woman should be giving herself

such a hard time. "I'm not naturally thin," she said. "There are lots of bits of horrible extraneous fat. Between the ages of 18 and 23 I was 13 stone."

This was hard to imagine. I wanted to ask if she had met her husband during this phase. But again something stopped me.

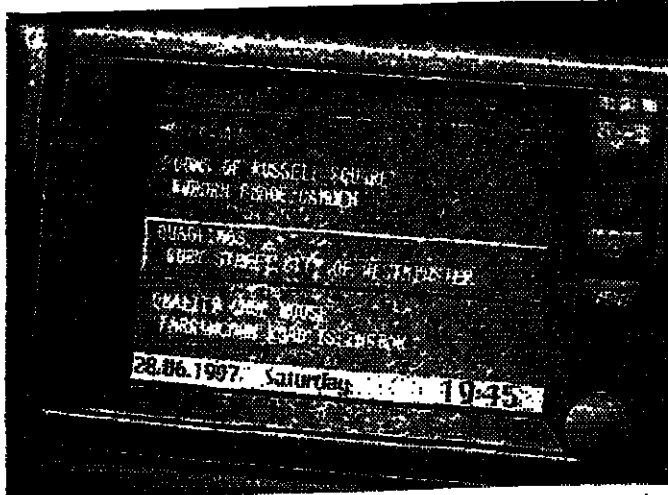
Instead I asked if she had read the Nigel Lawson diet book describing his similar shrinking act.

She said she hadn't, and I said something uncharitable about him.

"He's a very generous man, actually. He is nice. When William was a candidate he lent William a house. He didn't know him well. That was just kind."

Once again I felt bad, and would have changed the subject but the meal was now over. I offered to pay, but she would not hear of it. She took me to the door, but did not leave herself.

She was going to spend the afternoon improving the cheese board.



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The Ultimate Driving Machine

BOOKS

Hole at the heart of feminism

This is not a bold book: it is simply a smug memoir of teenage sexuality, argues Jackie Wullschlager

Do not get excited by the title: this book is about as erotic as a biology textbook. Nor is it, as the publishers claim, provocative or bold. Naomi Wolf, author of *The Beauty Myth* and billed as "the most outspoken and controversial feminist of her generation", has written a memoir of teenage sexuality in San Francisco which is smug, self-obsessed, predictable, and shocking only in its indication of the absolute spiritual and philosophical hole at the heart of contemporary feminism.

There are so many battles still to be fought by and on behalf of women - physical and material oppression, poverty and violence, inequality of opportunity and education worldwide - that this plaintive analysis of social attitudes to the grab-it-all Me-generation who came of age in the 1980s, this whining about the pains of adolescence as if it must be some (male) body's fault, sounds like shifting deckchairs on the Titanic.

Rearranging motel beds and sofas at sleepover parties is in fact the subject here. Across a background of blonde and the Grateful Dead and a city "that made us feel that we were not alive if we were not being sexual... the gorgeousness was so excessive it was like slapstick: the city poured champagne over your head again and again". Wolf makes four, sometimes contradictory, points.

One, that women want sex as much as men do, and that desire starts in early teenage life. Two, that in spite of a permissive sexual ethic, "it is still more difficult to lay claim to the personal experiences of the slut than to those of the virgin" - so women are forced into dishonesty about their past. Three, that other societies, the ancient Chinese, say, had more enlightened attitudes to female sex from which our tacky Penthouse culture should learn. And four, that this memoir is sociologically significant because "I think that we who were young in the early 1980s were perhaps the last generation of Americans who actually had childhoods... oriented around children's own needs and culture rather than around the needs and culture of adults".

With the first point, no one could cavil: literature from *Romeo and Juliet* to *Come with the Wind* has celebrated teenage girls' love affairs and, even if it was only snogging at the movies, most women recall adolescence as an emotional earthquake zone. But such memories, good or bad, are part of our emotional baggage - we don't need *Promiscuities* as "important reading for every woman who wants to uncover her own secret history".

On the second, Wolf is trying to knock down her own invented snowman. At the end of a century which has welcomed young-girl memoirs from Anais Nin's incest diaries to the Duchess of York's tale of royal adultery, the only sort of intimate memoir that needs courage today is one detailing celibacy. Teen culture is

PROMISCUITIES: A SECRET HISTORY OF FEMALE DESIRE
by Naomi Wolf
Chatto & Windus £12.99, 272 pages

led by bad girls boasting about being bad - Madonna, the Spice Girls - in a society where having several sexual partners is the norm.

With her third point, Wolf plays a pick'n'mix game. Without putting them in cultural context, she praises the Kama Sutra, the Hindu Tantra and the Zuni Indians, for respecting women's sexuality; the Tao, for example, "contains descriptions of female desire with nuances so carefully observed that they make 20th-century sexologists' descriptions seem crudely impressionistic".

By contrast, in 1979 California "sex was a disco babe in a spandex halter-top who could still take the blame for giving the boys wet dreams... Young women have told me that they sense in some hard-to-define way that their desire, purely felt and not filtered through a toxic culture, might well feel more fierce, more clean and more precious".

Yet "for all its excesses, the Bay Area of the 1970s was a place where we girls could maintain a healthy skepticism when we ran

into the barriers and punitive shocks that accompany female erotic development... When I consider... our historical good luck, it sometimes dazzles me".

Of course this is contradictory tosh, because Wolf wants it both ways. What is this toxic culture? The airwaves "saturated" with the images of sexy women which Wolf and her friends, in their blonde boots and halter-tops, copied and which she now celebrates in this book. Wolf is on the one hand writing a self-congratulatory memoir - how could a 35-year-old producing a memoir be anything but vain? - in which she must talk up the culture that created her, while on the other hand she is trying to be a campaigning feminist.

"I want to point out ways of leaving behind what we don't like, and imagine how we can, as a culture, embrace what women love, and teach girls the validity of their desires", she writes. But you cannot have civilisation without its discontents - you have to give up something primitive and wild for it. She means that boys did not respect her and her friends' sexuality, but - sorry to sound like the headmistress - what is there to respect about a batch of teenagers in spandex halter tops grabbing what they want for themselves?

On the other hand, sex, however you legislate, whatever social expectations you encourage, is always dark and complicated - that is part of the thrill. Similarly, adolescence - a luxury in cultures affluent enough to allow a separate state between childhood and the adult responsibilities of earning a living - is always both painful and exciting. Her conclusion, "I think we became women, in our culture, when we made the decision... to determine the meaning of becoming a woman for ourselves" is a vacuous blend of American individualism and 1980s blandness which tells us nothing at all.

Wolf flirts with scholarly names but, like *The Beauty Myth*, *Promiscuities* is closer to self-help manual (for "every girl on the brink of womanhood"), with its chatty interviews with the author's friends, than to cultural critique. It has the self-help genre's conviction - intellectually fatal - that if a problem is identi-



A traditional expression of female sexuality: the "shale" skin painting of Berber tribeswomen in the northern Sahara is thought to promote fertility and ward off hostile forces. Pictured in "Decorated Skin", a pictorial survey of body art from ancient Egyptian cosmetics to 20th century punk piercings, by Karl Gröning (Thames & Hudson, £45)

fied and solved, happiness will follow, dovetailed with the American belief in self-fulfilment as a human right. A chorus of girls interviewed here regret that they were sexualised too young. Wolf's suggestion that teenagers are encouraged to return to what the 1950s called "heavy petting" - surely this has been publicly advocated at least since the start

of the AIDS epidemic? - is a response to her view that "childhood in this culture has been corrupted beyond the imagining of those who grew up before the sexual and cultural revolutions of the 1960s and 1970s by the irresponsible behaviour of adults... we [must] make restitution to the children". Here, three pages before the

end, is a serious and important idea. A lot less self-indulgence, a dash of the humility that comes with a sense of historical perspective, and Wolf could have written persuasively on whether childhood is disappearing and what we should do about it. That, rather than what women do in their intimate lives, is a valid subject for the new generation of feminists.

Literary life in the country

Anthony Powell will be 92 at the end of this year. These *Journals* of 1990-92 cover the period when he was a mere 85 to 87-year-old. By any standards it is an impressive age at which to be still actively writing. Powell's *Journals* are often remarkably acute in each of the three areas that mean a great deal to him: people, literature and surprisingly (considering the absence of gastronomic passages in the fiction) wine and food. The main question they raise is, how much of what he jotted down was seriously intended for publication?

A visit from a journalist who took Powell to the restaurant at Ston Easton Park in search of copy for the *Londoner's Diary* may be regarded as fair game, dog biting dog. "... Luncheon eatable in a rather la-di-da way, not without trace of nouvelle cuisine, at £25 a head. I had sliced up meat with decoration of fruit and ice-cream; hot salmon (goodish) with rather awful salad; some form of chocolate pudding; better coffee than usual with chocolates. I asked for hock, got a rather fiery Johannisberger of unknown date (if any) of which I had one glass. Scriven consuming the rest after a Buck's Fizz."

JOURNALS 1990-1992
by Anthony Powell
Heinemann £20, 238 pages

But the intimate, not to say often bitchy, comments extend to members of the family circle and close friends who call on him at The Chantry near Bath where he lives, are sometimes downright embarrassing. A former editorial hand could have been employed.

And the interminable passages where Powell describes his reaction, and those of others, to his portrait and his newly culled bust, should have been curtailed. After wading through them it is ironic to hear Powell describing Henry Green, about whom he is very rude, as narcissistic.

Except for visits to the dentist in London, to nearby restaurants, or to Frome for a haircut, Powell remains house-bound. When he was made an Honorary D Litt of the University of Wales the Vice-Chancellor and Faculty descended on The Chantry for the conferment ceremony. Powell's Somersetshire fastness seems during these two years to be in a perpetual state of friendly siege but he puts up with dons, fans, interviewers, researchers who flock there with forbearance.

Regular callers are his children and grandchildren, and eminent friends such as the late Sir Kingsley Amis, the late Evangelina Bruce, the Quintons, Hilary Spurling, Selina Hastings, Hugh Massingberd. Those who call on business are Bruce Hunter, his agent, artists who have been commissioned to design covers, TV and film teams.

In spite of so many visitors Powell manages to do an enormous amount of reading. His reactions to his almost daily diet of Shakespeare are always entertaining. His sessions with Feuchtwanger, Somerset and Ross, Scott Fitzgerald, Patrick Hamilton, Maurice Sachs, to say nothing of his perusal of French masters like Balzac, Stendhal and Proust, constitute the chief pleasure of the volume.

He is thrilled to read in a new book on Tiepolo that the imaginary painting he described in *Temporary Kings* is regarded by the writer, a distinguished art historian, to be as good as the real thing. Then a letter arrives from his publisher stating that copies of his book on John Aubrey are going to be reissued. Even at Powell's lofty level of literary life, you win some and you lose some. This book will give qualified delight to those within the charmed circle and to his loyal admirers.

Anthony Curtis

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Rereadings/Nadine Gordimer

Truth at the root of all fiction

Favorite books; how inadequate any choice must be when one has been illuminated, devastated, opened to life by so many great works over a lifetime! I am talking of fiction, works of the imagination, including poetry. Philosophy and biography come second; and isn't the best of contemplation of the meaning of life, and the scope of living events,

expressed in the imaginative dimension of fiction? I must resist the temptation to rove back in time and make a list of what I remember as meaning most to me at different periods of

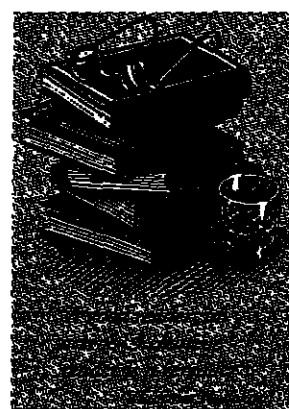
my life: Rilke, Yeats, Dostoevsky, Conrad, E.M. Forster, Thomas Mann - on and on, to Joseph Roth, Danilo Kis, Nabokov, Mahfouz, Gunter Grass and Amos Oz, etc. Let what rises spontaneously to the surface as my essentials, now, be my favourites.

Robert Musil's *The Women I have just reread for the first time*. These stories are an exploration of the possibilities of the short or not-so-short story that probe beyond the touchstones of Chekhov and Kafka. Musil kept a notebook which he labelled "Borderline Experiences" and the five stories are exquisitely daring, exploring Musil's premise which is, as Frank Kermode says in his introduction to the translated collection, "Erotic

ecstasy is beyond good and evil."

Power, in the form of the place of class differences in relationships, emerges as inextricably from eroticism; indeed eroticism is revealed as one of the sources of power. "Grigia", "Tonka" and "The Lady From Portugal" are three of the best stories in my personal canon of what is illuminating, devastating in modern literature.

Michel Tournier's *Vendredi* is another work that has just passed my test of multiple rereading. Crusoe, shipwrecked, passes by means of the searching imagination of Tournier not only through all the stages of human attempts to master environment, from hunter-gathering to manufacture but also through the deepest and



most secret inner life of what it means to be human: the need of Self for the Other; and finally the need for the human to mend the broken links between the human and the natural world from which he has

exiled himself, stranded in urban chaos, another kind of castaway.

The novel was written years before the environmental crisis we are heading for was recognised; Tournier's beautiful philosophical novel seems to take on fresh meaning with each rereading.

Then there is William Plomer's *Turbott Wolfe*. This wild and testy, young man's novel - Plomer was 19 years old when he wrote it in the early 1920s - is the beginning, along with Sol Plaatje's *Mhudi* and Thomas Mofolo's *Chaka*, of the truth about South Africa. Roy Campbell wrote of Plomer as the one "Who dared alone to thrash a craven race and hold a mirror to its dirty face". In the words of one of Plomer's own wonderful poems, "HORROR was

written on the sun" in the conquered colonial land of opportunity the English narrator Turbott Wolfe, was "sent out to".

Wolfe himself brings with him all the racial and class prejudices of Europe - he bittily stereotypes Jews, Indians, Anglo-Saxon parsons, Afrikaners - and then has to confront himself in his store in (thinly-disguised) Zululand with the root of them all, the face of the ultimate Other: the rejection of black people, and the conflict between fear and attraction within it that made whites' reaction so cruelly fierce.

Plomer was vilified and had to quit South Africa when his novel outraged the whites with the truth about themselves; I wish he were alive today to know that it is now recognised that there is no reconciliation without facing that truth, and that a commission named for that very concept is pursuing officially what he did with lyrical brilliance in his novel more than 60 years ago.

exist for much of the book - the protective trance, perhaps, of the abused child - and partly because, for all the beauty of its prose, it lacks the texture of everyday life. Each moment she describes appears to be epiphanic; when anyone speaks, it is to utter something sharp or cruel or pregnant with meaning. Without for one moment doubting Harrison's account, it continually prompts questions about what else was going on in between the edictal exchanges through which, in 200 brief pages, she attempts to measure out a life.

What the book establishes is that Harrison has suffered, and is probably still suffering. To write about such events requires unusual courage, to do so with insight, rather than creating a structure to contain their still corrosive damage, is perhaps too much to ask. It is possible to admire Kathryn Harrison's decision to write *The Kiss*, yet close the book with a niggling sense that it does not contain the whole tragic story.

Joan Smith

A cool, surreal account of incest

Kathryn Harrison's story is roughly as follows. Her teenage parents divorced when she was six months old, leaving her to be brought up by her mother. When Harrison was six, her mother moved out altogether to a nearby apartment, refusing to reveal her new address or telephone number and relegating her daughter to the care of her own elderly parents.

As she grew up, Harrison saw her father - a man who went from being an encyclopedia salesman to a preacher - no more than three times. As a young college student, she returned home for a family reunion which ended, at an airport, with the kiss which would become her book's title. "My father pushes his tongue deep into my mouth; wet, insistent, exploring, then withdrawn. He picks up his camera case, and, smiling brightly, he joins the end of the line of passengers disappearing into the airplane".

It is a testament to Harrison's bizarre upbringing that, following this episode, she proceeds to inquire of her then boyfriend whether

such behaviour from a father is "weird".

Shortly afterwards, she drops out of college and embarks on a four-year affair with her father which ends only with her mother's premature death from breast cancer. In *The Kiss*, Harrison describes the affair in terms which, both in language and location - a series of cheap hotel rooms across the US - recalls Nabokov's *Invitation to a Beheading*. "We quarrel sometimes, and sometimes we weep", she writes, recalling these sordid journeys. "The road always stretches endlessly ahead and behind us, so that we are out of time as well as out of place".

Harrison's theory, which is lent considerable weight by the timing of the end of the affair, is that both she and her father were in some sense involved in a *ménage à trois* with their absent mother. Neither, as daughter or hus-

band, had ever been able to hold her attention and it is only with her death that either of them achieves release. Harrison finally finding the strength to break off the relationship. She has not seen her father since.

Now in her 30s, she lives in New York with her husband.

THE KISS
Kathryn Harrison
Fourth Estate £14.99, 224 pages

band, the writer Colin Harrison, and is the author of three novels - one of them about an incestuous father-daughter relationship. An odd note at the beginning of the book asserts that "Kathryn Harrison is the writer's married name. She also used her maiden name in a number of years." This may be a device to protect Harrison's relatives, but it hints at the central problem with

the book: not that it's badly written but that her cool, consciously "literary" prose suggests a degree of detachment which strikes the reader as surreal.

Why, when she has so much to be angry about, does Harrison present herself so passively? Even when her mother, dying in hospital, tells her that "after I'm dead, you're going to be very angry with me", it is impossible to believe that the author of this limp memoir has yet managed to feel so incendiary a passion. This is not so much a criticism of Harrison as a question about the book's status: does it tell a profound truth or is it part of a long process, still incomplete, in which Harrison is struggling to make sense of the ghastly things which happened to her?

I suspect the latter, partly because of the dreamlike state in which she seems to

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BOOKS

The spy who worked too well

William Dawkins on the career of Richard Sorge, the Soviet undercover agent

Richard Sorge, possibly the most successful spy this century, described Japan as a crab: a hard shell with soft insides.

Sorge's skill at breaking through the shell with such surgical gentleness that he operated unnoticed by the Japanese secret police for eight years, gave him the opportunity to influence the direction of the Pacific War. But the indifference of his masters and betrayal by colleagues meant that Sorge's intelligence material was largely wasted, and even contributed to his execution by hanging in 1941.

Spying is a sad, dirty business. There is plenty of evidence of that in this gripping account of Sorge's Tokyo spy ring by Robert Whyman. Tokyo correspondent for the Times. He draws on recently released Russian archives to add much new mate-

rial to an important bit of Japan's wartime history, which further underlines why even modern Tokyo governments find it hard to trust Moscow.

Sorge worked, under cover as a German foreign correspondent in Tokyo, for Soviet Red Army intelligence just before and during the second world war. He accurately relayed to Stalin the timing of the German invasion of the Soviet Union's western borders, and yet Stalin was too arrogant to believe that the non-aggression pact with Hitler was about to be broken. So he ignored Sorge's telegram, marked him down as a subversive and recal-

led him to Moscow, where the spy would no doubt have faced a firing squad.

Sorge sensibly judged that in Tokyo he was out of reach of the Soviet authorities, and so continued to work. Even with the knowledge that he had been discredited for doing his job well, Sorge continued to convince the members of his ring that their work was of the highest value to Moscow. In some ways, Sorge comes over as an unpleasant man. But his faults are tempered by an element of idealism, which no doubt carried him through hard times. Some say, however, that he was no idealist and only

continued to spy for Stalin because that was the only option. Either way, Sorge was amazingly effective. His next important bit of intelligence was that

STALIN'S SPY: RICHARD SORGE AND THE TOKYO ESPIONAGE RING
by Robert Whyman
I.B. Tauris publishers £25, 368 pages

the Japanese were in no mood to invade Siberia. This time, Stalin believed him, and moved vital reinforcements from the east to beat off the Germans in the west. Without the knowledge that the

Soviet Union's eastern flank was safe enough to leave almost undefended, Stalin might never have triumphed over Germany.

But despite the value of his intelligence, Sorge remained an embarrassment to Stalin. Unknown to Sorge, his radio operator was failing to send on telegrams to Moscow, paralysed by a mixture of panic and second thoughts about communism. Thus, when Sorge was eventually arrested by Japanese police, acting on a tip off from a frightened colleague, Moscow disowned him. It was not until 20 years after his execution, when criticism of Stalin became acceptable, that

the Soviet government recognised Sorge as a national hero.

It is remarkable that Sorge managed to operate for so long before being caught. His cover was superb. He was a prominent member of the Nazi party in Japan, and therefore of impeccable credentials in the Tokyo government's eyes. His source of intelligence on Germany's war plans came from none other than the German ambassador to Japan, Eugen Ott. He was a close personal friend of Sorge, even though for a time his wife was Sorge's mistress. The local head of the Gestapo was a regular drinking companion.

Of Russo-German parentage, Sorge actually fought in the German army in the first world war and had a leg wound and limp to prove it. How could he possibly have worked for the wrong side? Even after Sorge's execution, the poor ambassador refused to believe that his best friend had been relaying the embassy's secrets to Moscow.

The Japanese, however, had no doubts. The discovery that Germans had naively welcomed a Soviet spy into their embassy meant that Japan was never able to trust Germany again for the rest of the war. After Sorge's arrest, co-operation between Japan and Germany declined. The rift deepened and may have hastened the end of the war. So, despite the betrayal, Sorge posthumously fulfilled his ambition, to drive actual and potential aggressors off Soviet soil.

Myth of the US cowboy

Jurek Martin on the elevation of John Wayne from actor to icon

If you believe Garry Wills, who knows few peers as a persuasive contemporary chronicler of America, John Wayne in person was rather less than the tough, rugged individualist he is invariably portrayed on screen.

We are advised, for example, that the ultimate film cowboy "hated horses, was more accustomed to suit and ties than jeans when he went into the movies and had to remind himself to say 'ain't'... Wayne was not born Wayne. He had to be invented."

We learn, too, that the soldier hero of the *Stand by Me* and the *Green Berets* was so committed to his film career that he "nimblely manoeuvred to avoid volunteering or being drafted" during the second world war. Nor was he ever in the early vanguard of Hollywood anti-communism that became his later real-life crusade, preferring instead "to emerge after the battle and shoot the wounded."

Not that Wills, whose prolific and often brilliant pen has encompassed presidential icons from Washington and Lincoln to Kennedy and Reagan, with detours via Jack Ruby, *Macbeth* and religion, considers Wayne to have been a blatant fraud. There was too much innate authenticity in the way he walked and talked, on screen and off it, for the actor's skills alone to have bridged the gap between art and life.

What exercises the author is both the construction of a myth and the apparent need for myths, certainly not confined to America. "A myth," he writes with customary insight, "does not take hold without expressing many truths - misleading truths, usually, but important ones; truth, for one thing, to the needs of those who elaborate and accept the myth."

The American myth is, of course, rooted in the old West. John Wayne characters are "untrammeled, unspoiled, free to roam, breathing a larger air than the cramped men behind desks, the pygmy clerks and technicians [and combining] all these mythic ideas about American exceptionalism - contact with nature, distrust of government, dignity achieved by performance, scepticism towards the claims of experts."

This explains Wayne's

JOHN WAYNE'S AMERICA: THE POLITICS OF CELEBRITY
by Garry Wills
Faber and Faber £20, 380 pages

enduring popularity - and why American presidents, who usually run for office in order to fix government as Jimmy Stewart did in *Mr Smith Goes to Washington*, have a habit of wrapping themselves in his metaphorical boots-and-saddles, God-and-country celluloid values.

So Wills does not offer a biography of John Wayne beyond the bare details, born Marion Morrison in Iowa in 1907, three Hispanic wives, the 1930s B-movies etc - because they are less interesting than the myth. He does delve a little more into the social and political attitudes prevalent during his 45 years in the movies, though hardly to the point of justifying the book's subtitle, "the politics of celebrity."

Instead he focuses on the films Wayne made and on the men who directed him and built the myth. That started in 1929 with Raoul Walsh who watched him shifting props and starred him in *The Big Trail*, ran through Howard Hawks, emphasising *Red River* and



John Wayne: he hated horses, and in person was rather less than the tough, rugged individualist he is invariably portrayed on screen

Rio Bravo in the late 1940s, and, above all, the 25 years he spent working with, more often under, John Ford.

This relationship is spanned by two great films - *Stagecoach* in 1939 and *The Man Who Shot Liberty Valance* in 1962. In between were classic Wayne westerns, *The Searchers* and *Fort Apache* among them, and departures from the norm, as to Ireland with *The Quiet Man*. Extensive passages of the book are devoted less to Wayne than to Ford - by

turms sadist, drunkard and genius and not a man of whom Wills approves.

It is also here that the author is found sometimes at his least persuasive, almost as if he has strayed into pastures - film not politics - for which he has less instinctive feel and on which he must rely on secondary sources, duly cited in no less than 36 pages of notes and cross-references. Recycled schematic dissections of film sequences can make for tedious reading if they stray

too far from the central thesis, even when the tangents, genuinely enlighten - homocriticism in Westerns, for example.

But that, perhaps, is too much of a carp, induced by reading so many fine Wills books over the years and also by some personal disbelief in his premise of John Wayne as the ultimate and timeless American avatar (were Bogart, Gable, Stewart or even Fred Astaire and Clint Eastwood that ephemeral?)

Still, Wayne's universal appeal cannot be denied, even extending to a country where, Hollywood and Mel Gibson would now have it, the frontier died 800 years ago in Scotland. A British Film Institute survey in 1988 decreed that he had starred in four of the best ten Westerns ever made.

That is a pretty respectable batting average and Garry Wills makes an eminently readable and fair, if not perfect, pass at explaining how myths are made.

McLaren's banking background enables him convincingly to navigate the murky world of venture capital, and his research into Artificial Intelligence is impressive: there is always enough intriguing detail here to convince, never so much that it suffocates. He has a nice, easy writing style that borders on the nonchalant. Sometimes it is almost too casual. The characters lack substance, and Hilton only really comes alive, perversely enough, on his deathbed.

The plot is also a bit too

Thrillers/Nick Curtis

User-friendly conspiracies

One night in 1995, merchant banker and former diplomat John McLaren dreamed that a dead man was taking money from a bank, and by morning he had the rough outline of his first techno-thriller, *Press Send*, the story of a young computer scientist whose technological know-how enables him to short-circuit death and take witty revenge on his enemies from beyond the mortal plain, secured book and film rights worth over \$1m for McLaren before it was even completed.

One can see why. *Press Send* surfs the current wave of interest in and awareness of techniques once the exclusive domain of computer nerds, and has the kind of light touch that Hollywood loves. It is as compact and user-friendly as a laptop.

Hilton Cash is a twenty-something systems inventor robbed of his chance to discover the holy grail of a computer world - a machine that can actually feel and think - by the caprice of a bunch of bankers. Hilton has an identical twin, Conrad, a disgruntled graphic designer. The two are not just physically but also psychologically identical - traumatically orphaned oddballs with no tact, no head for business, and no luck with the opposite sex. When Hilton discovers he's dying of cancer, he "saves" himself (in the data-saving rather than the spiritual sense) and sets about evening the score between the Cashes and the world.

McLaren's banking background enables him convincingly to navigate the murky world of venture capital, and his research into Artificial Intelligence is impressive: there is always enough intriguing detail here to convince, never so much that it suffocates. He has a nice, easy writing style that borders on the nonchalant. Sometimes it is almost too casual. The characters lack substance, and Hilton only really comes alive, perversely enough, on his deathbed.

The plot is also a bit too

cute, Hilton's revenge too neat and sweet, for comfort. It is almost as if McLaren had the story conventions of a Hollywood blockbuster in mind as he wrote it. That doesn't make *Press Send* any less readable, and it is a sensible move for an author these days to keep other mediums in mind. Perhaps he should consider a computer game, too.

I might have been more enamoured of *Press Send* had I not read it in conjunction with *Interface* by Stephen Bury (a pseudonym for two writers). A weightier book than McLaren's in every sense, Bury's story of a US presidential candidate

PRESS SEND
by John McLaren
Touchstone/Simon & Schuster
£11.99, 302 pages

INTERFACE
by Stephen Bury
Michael Joseph/Signt £5.99, 583 pages

saved after a stroke but thereafter sinisterly controlled by a computer chip in his brain, is twice as long and about twice as deep as *Press Send*. *Interface* plays not only on fears of technological Frankensteinism and political spin-doctoring, but orchestrates a page-turning conspiracy theory of bogging proportions.

The characters here are more rounded and believable, even if our guinea pig hero, governor William A. Cosmo, seems too good to be true; a Vietnam vet and football star who appeals to liberals too. But this is part of the point: Bury (as I might as well continue to call him/they) writes masterfully enough about manipulation, both of images and technology, to enthrall and astound even the most hardened cynic.

The sweep and scope of this book is enormous, but Bury keeps a tight lock on the narrative and throws up newly subversive ideas about America and its politics with every page. You don't need a super-computer in your head to find *Interface* hugely enjoyable.

In the footsteps of a monk

William Dalrymple has earned a rapid reputation as a brilliant young travel writer, with *In Xanadu* and *City of Djinns*: he is an Asia hand, though he spreads his Asian net wide. From the *Holy Mountains* is a splendid book. His subject this time is what used to be the world of Byzantium, which today has become Turkey, the Levant, Egypt.

He has given himself a structure: following in the footsteps of a sixth-century monk, John Moschos, author of the best-selling *The Spiritual Meadow*, and his young pupil, later to be Patriarch of Jerusalem, Sophronius the Great. Starting in 897 AD, these two men travelled from the length of Byzantium to the Bosphorus to Upper Egypt, in the years immediately preceding the arrival of Islam. Dalrymple copies their route but, sensibly, does not make too heavy a

point of Moschos's narrative. The journey is constantly interesting, though the book is overlong. From Istanbul Dalrymple aims for South-East Turkey, where he has all sorts of problems to do with the Turkish suppression of the Kurds and of the Armenian heritage. It is clear that he doesn't like the Turks: "they even think Homer was one of them", says a Greek girl. "They say he was a Turk and his real name was Omar".

But he gets to the Anatolian monastery of Mar Gabriel, built in 512 and dating back to 397, still practising today and little short of a miracle. "To discover these monks feels almost as odd as stumbling across a long-lost party of Roman legionaries guarding some remote watchtower on Hadrian's wall..."

Once into Syria, Dalrymple relaxes. He touches on the travel writer's familiar places - Baron's Hotel in Aleppo, for example. But in Aleppo he also discovers an ancient form of plainsong which, he argues, is a direct ancestor of Gregorian chant and therefore the entire tradition of sacred music.

The new Lebanon he seems to detest, in particular the rebuilding of Beirut. "It was like a morality tale, spl-

alling downwards through one of the world's greatest monuments to human frailty, a huge vortex of greed and envy, resentment and intolerance, hatred and materialism, a five-mile-long salom of shellholes and designer labels, heavy artillery and glossy boutiques..."

FROM THE HOLY MOUNTAIN: A JOURNEY IN THE SHADOW OF BYZANTIUM
by William Dalrymple
HarperCollins £18, 483 pages

He recovers on the West Bank, at the Mar Sabah monastery which was John Moschos's base and is today "the last of the ancient monasteries of the Holy Land to survive as a functioning community". Dalrymple states there: its asceticism is still ferocious.

He goes on to Alexandria: after references to Durrell, Cavafy and Forster, he has to admit that, like everywhere else in the Ottoman world, "the multi-national has given way to the mono-ethnic, the cosmopolitan to the national... and it is now, 'for the first time in its history, a truly Egyptian city'. And then he presses

south to the Byzantine frontier, to the Egyptian deserts where Christian monasticism was born and still, remarkably, survives: there is actually a revival of monasticism.

But that runs counter to Dalrymple's theme. He has been tracking down, it emerges, the decline of Christianity in today's Middle East. He admits that the situation varies from country to country, but he can cling to his central thesis. In Turkey, the Christians are caught between Turk and Kurd; in Syria they are well tolerated as a minority; in Lebanon they are engaged in a mass emigration; in Palestine they are also emigrating; only in Egypt are they threatened by Islamist fundamentalism.

Dalrymple's argument, in this effective and impressive book, is strong. The extinction of John Moschos's Byzantine Christianity seems imminent, or at best in decline, except in Syria. To sum it up, in the Old City of Jerusalem the Christians today make up just 2.5 per cent of the municipality's population: there are more Jerusalem-born Christians in Sydney than in their holy city.

J.D.F. Jones

Poetic licence with Latin

This biography is about 50 per cent fantasy. That is a casual estimate, but needs to be made explicit.

Some innocent readers might otherwise suppose that the biographer had the usual documentary sources to support his reconstruction of the life of Q. Horatius Flaccus (65 to 8 BC). Taken at random, here is a simple example of the fantasy, where the rapport between Horace and his patron Maecenas is described: "With Maecenas Horace remained on excellent terms. While his friend whizzed here and there on Caesar's business, Horace followed when invited, beaming amiably."

Alas, no ancient historian tells us whether Maecenas whizzed at Caesar's behest, let alone whether Horace trailed along. Pure supposition - or, to put it another way, just reading between the lines. The lines here are those left to us by Horace: a Latin poet greatly esteemed in his own lifetime, and the Latin poet perhaps most influential in the course of English literature. Levi makes full use of that second factor, drawing upon Horace's many English renditions whenever his own enthusiasm for translating wanes.

The good news for inadequate Latinists is that everything (and there are many quoted chunks of Horace) is in English. Yet Levi curi-

ously assumes that while his readers have no Latin, they will nevertheless be familiar with the mannered shadows of Horatian scholarship. Like most writers, Horace led a dullish life. His carnal nature is hardly pursued

pressed, he never pounded in the epic mode of his contemporaries, Virgil. But his slim volumes have become what he predicted they would be: a monument, more durable than bronze.

It was Levi's teacher Fraenkel who characterised Horace's essential poetic tone as "mellow wisdom". Nuggets of Horatian wisdom - "nil desperandum", "carpe diem", and so on - may even have passed into more or less common parlance. But what image of the wise man's mind can be extracted by Levi's method of intraline reading throughout Horace's poetic remains?

As it turns out, this is a subjective response: one

man of letters to another, communing across the centuries. "No poet is so unlike what I once lazily imagined", says Levi. And he stitches a sympathetic commentary on Horace's work, mixing revelation with re-evaluation. Since Horace was not given to self-faustment, and wrote many of his poems as if part of the duties of personal friendship, the result is often a credible form of fantasy. If any summary of Horace's essential tone or nature tends to oxymoron, that is not Levi's fault. Rustic urbanity, calculated insouciance, simple sophistication, salacious moralising - these are just what Horace's poetry conjures. The lightness of touch Levi adds to his scholarship makes for a genial read. The ultimate worry, though, is how much of Horace's true world can be shown in translation.

Nigel Spivey

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ARTS

Anglo-Saxon wedded to the classics

The poet Tony Harrison is 60 next week. Peter Forbes celebrates an uncompromising career

When Philip Larkin's 60th birthday was celebrated in the volume *Larkin at Sixty*, Alan Bennett joshingly remarked: "Apparently he is 60, but when was he ever anything else? He has made a habit of being 60; he has made a profession out of it". But for Tony Harrison, who is 60 on Wednesday, the opposite is the case. His continuing energy and the range of his projects make the idea of him being 60 slightly unreal.

Poetry is generally a solitary craft and all poets carve out a singular niche in terms of what other work they do, how involved they get in peripheral activities such as reviewing, editing, anthologising etc. Tony Harrison, though, is unique amongst contemporary poets in having nothing whatever to do with all that. Everything he writes is verse, there is no dilution, and he is extremely prolific.

The Tony Harrison legend has many strands. Tony Harrison is the Leeds scholarship boy - born to a very traditional working-class Yorkshire family - who passionately embraced Greek and Roman classics, literature *tout court*, lived

and worked in Africa and Czechoslovakia and wrote scandalously sexy poems about his new experiences. The shocking disjunction between his new life and the world he came from caused a rift between him and his parents. This, and Harrison's anger against the middle-class culture he now inevitably inhabited, became the subject for the poems that made his reputation, the *Continuous* sonnets, which have been added to throughout his career.

Then came his huge successes for the National Theatre: *The Misanthrope*, *The Oresteia*, the three-part *Mysteries*, *The Trackers of Ogyrhynchus*, and the television verse documentaries. His approach to verse drama is unique, wedding North Country Anglo-Saxon to versions of classic works in other languages and from different eras. On television he has become the first poet since Bertalan to have established a regular niche.

Harrison is an obsessive, a driven man. The long poem *r*, which became a TV film and is his most famous single poem, marked the climax of his work on class and England: the dialogue with a skinhead dramatising Harrison's own anguish about art and inarticulacy.

Since then his other great theme, "Art and Extinction", as he calls it in a poem sequence, has been to the fore. This has resulted in works on Hiroshima, the Gulf War, and the use of science in warfare (*Square Rounds*).

A fascination with, and terror of, fire, has pervaded his work from the beginning. One of his earliest formative influences was that of the benign fires of VE and VJ nights in 1945. His latest grand project is in this line. *Prometheus* will be his first feature film: produced by Michael Kustow and Andrew Holmes and featuring Barry Rutter, veteran of so many of Harrison's theatrical productions, this Channel 4 film will deal with the ravages of heavy industry and link them to that primal mythical grasping at fire which has been the dynamic force behind the development of modern industry and society.

Prometheus promises to do for Harrison's art and industry theme what *r* did for class. But it is on a much larger scale. A verse epic of 118 pages is the kernel of a film that, starting in Yorkshire, will go on a pilgrimage through 10 countries and some of western and eastern Europe's most polluted indus-

trial sites to Aeschylus's birthplace near Athens, itself now surrounded by a petrochemicals plant.

The scope of Tony Harrison's work is itself Promethean. His energy and talent have attracted a network of supporters like Michael Kustow, Richard Eyre and Melvyn Bragg. Eyre, and Bragg have the major spots in the *Festschrift* volume *Tony Harrison: Loner*, edited by Sandie Byrne, which will be published in June.

Before the book, we have Michael Kustow's Radio 3 celebration, *A Constant Singing from the Flames*, broadcast tomorrow, with friends, family and fellow artists talking about phases of his life, and plenty of the man himself reading. Particularly moving is his daughter Jane, who sheds a rare light on a family we seem to know so well, but only through Tony's poems. She talks about the serious road accident she had as a child and the way it reinforced Harrison's conviction that the flame of life must be nurtured against all the dark forces ranged against it.

As he enters his 60s Harrison is as busy as ever. The Radio 3 pro-

gramme includes a new poem, "Auroras"; the current Poetry Review has "Yorkshireshire", a poem he wrote while his friend and fellow Yorkshireman David Hockney was sketching him for *Loner*. Harrison is such a force that everything he touches becomes Harrisonian. The climax of his play *The Labourers of Herakles* has him breaking the drama to deliver a personal speech about war, genocide and Greek drama. At the work's premiere the speech was greeted at its end by one of the labourers shouting, "Who the fuck was that?" Harrison's works are full of alter egos shouting something very much like that at himself. His internal conflicts are now public property. Richard Eyre once asked him what distinguished a great actor from a good one: "It's the shape you cut in the air", he said. At 60 Tony Harrison is still bending the air in unignorable ways.

A Constant Singing from the Flames is broadcast at 5.45 on Radio 3 tomorrow, will be further short readings throughout the following week. *Tony Harrison: Loner* is published by Oxford University Press in June.



Tony Harrison: as busy as ever, he has become the first poet since Bertalan to establish a niche on television

Theatre
Wild
energy
runs
amok

One hundred years on, Alfred Jarry's *Ubu Roi* can still yield inspired productions, if the director plugs into the wild energy of the play. The last staging I saw came from France and used vegetables as all the supporting parts: the king of Poland was a red cabbage; the noblemen were leeks; the peasants were humble mushrooms. So it was that when Pa and Ma Ubu launched into their orgy of violence they were able to smash the rest of the cast to smithereens: I will never forget them decapitating leeks with a gusto that encapsulated the violent playground atmosphere of the play.

John Wright's excellent new production at the Gate Theatre in Notting Hill sticks to the more conventional type of human actor, but it too plunges you into Jarry's grotesque world and is everything you need *Ubu* to be: scatological, ferocious, puerile and ridiculously funny.

Wright's production, in a new and enjoyably lurid translation by Kenneth McLeish, is set at a dinner to honour Ubu's centenary. In David Rogers' design the entire auditorium of the Gate is taken up by a long dining table with the audience ranged on either side. This arrangement leaves only two areas that the cast can perform in - either on the table or beneath it. This they duly do, marching on the tablecloth, crawling underneath it, diving in and out of trap-doors - again, childish behaviour that suits the play admirably.

First we meet the dinner



Scatological, ferocious, puerile and ridiculously funny: Joanna Holden and Stephen Finegold as Pa and Ma Ubu in 'Ubu Roi'

guests, a set of toffs who have assembled to eat and drink in Ubu's honour. But as they scramble to outdo one another in witless small talk, they are suddenly invaded by Pa and Ma Ubu, who burst onto the table and conscript them into acting out the play. Wright has Pa Ubu played by a woman and Ma Ubu by a man, an inspired move which brings

us crude, pantomimic associations. Joanna Holden is splendid as Pa Ubu, a gross, rotund (padded), monstrous blob of a man, rather like Hitler after far too much Bratwurst, and she is wonderfully matched by Stephen Finegold as Ma Ubu, a gangling dame in dirty underwear, mob cap and army boots.

The cast is immensely var-

satile and physically ingenious. Particularly notable is Fraser Corbin as Ubu's retainer, Dogpile. After a party session on the rack, he hauls himself off to betray his king, on legs bent at the sort of angle one usually associates with pipe cleaner dolls. It can't be good for his ankles, but it is very effective. All the cast play with great, driven energy and

there is endless inventiveness in keeping with the play's lavatorial humour: sink plungers are used as weapons, lavatory fresheners as medals and toilet rolls as hand grenades.

The performance only lasts 75 minutes, but all the same, after about an hour a certain battle fatigue sets in: it is, after all, a very adolescent piece. But there is no

denying that, in his creation of the monstrously cruel and greedy Ubu, Jarry touched on something chilling about the human race, and Wright's fine, frenzied production puts that across forcefully.

Sarah Hemming
Gate Theatre, London W11
to May 10 (0171-229-0706)

Brilliantly
brutish

For teachers struggling to sell *Animal Farm* to Year 9, help is at hand. Northern Stages' production, adapted for stage by Ian Woodbridge and directed by Alan Lyddiard, tells the story with admirable clarity, but is also an exciting, physical and extremely messy affair. The first few rows of the audience at the Young Vic are kitted out with plastic maces to protect them from the muddiest excesses of the action. Earplugs might also be a wise precaution, as there is plenty of harsh, crashing music to accompany the brutal rise of the pigs.

This is what you might call an earthy production. Cath Heat's design is bleak and bare: the stage is strewn with soil and empty except for a few wooden pallets and an old bathtub full of water. This set readily becomes the muddy farmyard, but it also has a timeless quality, and Lyddiard adds an extra, poignant dimension to Orwell's story by having it performed by a group of refugees.

The members of the cast file on to the earth-strewn stage looking small and lost in large overcoats and carrying parcels and suitcases. They call to mind the Jews fleeing Nazi Germany, but they could be any persecuted people from middle Europe. One of them begins to read *Animal Farm*, and as he does so, the others strip off their overcoats and, in grubby underwear, flip into the roles of the animals.

They perform the story with great speed and physical punch. To transform themselves into animals they simply take on four legs by thrusting their arms into heavy boots, and their use of movement, choreographed by Frank McConnell, is cleverly done so that they have enough beast-like qualities about them with-

out resorting to snuffling and crawling.

Annie Fitzmaurice and Peter Peverley are touching as the hard working horses, Clover and Boxer, and Paul Hunter is amusing as the surly donkey, Benjamin. Best of all is David Whitaker as Napoleon, the Stalin pig figure, who is quite chilling. Teetering on his toes, he trots around the yard, snout in the air, impassive little face not unlike several dictators, but at key moments he cannot restrain himself from executing a little squealing gawotte of triumph.

Lyddiard uses the elements on the set to produce vivid images. The bathtub comes in for plenty of use, mostly notably during violent confrontations. When the pig Snowball is tortured and ousted by Napoleon and Squealer, the water is whipped with a huge rope, sending great arcs of drops over the stage and covering the audience. At other times animals plunge themselves into the bath and shake their heads, as if to try and clear their minds.

The production is limited by the restrictions imposed by a sustained allegory of this type: there is no room for subtlety, interpretation or character development. All you can do is find a style that is striking and effective, and the company has excelled in that department. The cast works well as an ensemble and gives Orwell's novel a murky stage life. *Animal Farm* enthusiasts might like to note that Guy Masterson is about to embark on his very different solo version of the work at the Arts Theatre.

S.H.
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There was an extra stop on the Vienna Philharmonic's itinerary this time round. As well as its regular dates in Paris and London, the orchestra made a scheduled detour to Birmingham at the instigation of Simon Rattle, who was making his first appearance at the head of this renowned orchestra in the UK.

For Rattle, after all his years in Birmingham, it was both a sort of artistic homecoming and a thank-you. He says he wanted to show off Symphony Hall to the orchestra, as it is one of the few concert-halls that can claim to have acoustics to rival Vienna's Musikverein, but concert-goers in Birmingham will also have had a treat. I heard the same programme at the Royal Festival Hall on Wednesday, and the atmosphere was white-hot.

It was not always so in the

Concert/Richard Fairman
A scintillating partnership

Vienna Philharmonic's European series. The orchestra has visited with a procession of fêted conductors who often seem to have been lured by the siren playing of the remarkable orchestra into giving performances on autopilot. Those that have escaped have either thrown themselves into the luxurious Viennese sound wholeheartedly, as Barenboim on the last visit, or been single-minded in imposing their own ideas.

Rattle belongs to the second group. The Vienna musicians play Haydn from time to time, but not often with the sharp focus that

Rattle brought to his scintillating performance of the Symphony No. 70. A lot of the style came from his work with period instruments, so we had a small ensemble (only two basses), hard-edged timpani, snappy rhythms and extreme contrasts. But if the players felt he was tramping over years of tradition, they did not show it.

It must be a conductor's dream to work with a string section like this. Rattle evidently thinks so, because he put at the centre of the programme Strauss's *Metamorphosen* for 23 solo strings, beautifully played here by every one. This is

an old man's music, all about looking back, as Strauss lamented the devastation at the end of the war. Rattle's music-making, by contrast, lives in the here and now, though I thought the immediacy of the performance gripping in its own way.

It was only after the interval that the full orchestra appeared (yes, the Vienna Philharmonic did bring its first ever female player, harpist Anna Leikes). The work was Berlioz's *Symphonie Fantastique*, played with repeats not usually heard and an unbuttoned freedom we will be lucky to hear again. I

loved the feel of improvisation that Rattle brought to the opening, the sense of dream-like visions spinning out of control as the ballroom whirled around and the witches' sabbath raged - just a bit of a rush, this - to its wild conclusion.

The orchestra played like demons to achieve that and there were noteworthy solo contributions throughout (the delicate waltzing of the first trumpet at the ball, the grumpy proletarian bassoons lining the route to the scaffold). So much praise has been heaped upon Rattle in the UK that critics here risk being accused of partisanship. I thought the concert the most exciting I have heard from the Vienna Philharmonic in recent years and I hope that is not just patriotism speaking.

Sponsored by Chelsfield plc.

North American pianists
are not what they used to be, at least according to the popular image - steel-fingered and speedy, more sentimental than sensitive. That caricature is decisively out-of-date, as two recitals last weekend reminded us.

The American Richard Goode, whose recent Beethoven sonata-cycle made a tremendous impression here and elsewhere, played Bach, Chopin and Schubert in the Wigmore Hall. At the Queen Elizabeth Hall the French-Canadian virtuoso Marc-André Hamelin played a little Bach too, but chiefly Charles Ives and Max Reger: virtuosic stuff, cer-

tainly, but too *recherché* for most international performers.

The Ives was his vast and visionary Sonata no. 2, "Concord, Mass. 1840-1890", four movements celebrating local heroes, Emerson, Hawthorne, the Alcotts, Thoreau. Hamelin made light of its cranky difficulties, never drawing attention to the digital feats required: elevated breadth was what he aimed at, and achieved superbly. This ultra-lucid account missed a little of the sonata's sheer wildness, perhaps, but it had searching

rewards. I only wished he had brought in a Bute for the ending, as Ives hopefully requested: that can be magical.

Under Hamelin's hands a Busoni Bach transcription became transparent, free of the bombast that often makes Busoni's piano-versions unpalatable. And he did as much and more for Reger's op. 81, the Variations and Fugue on a theme of Bach, which here seemed a masterly work rather than a monster academic exercise. Just for fun, he played a Fauré Barcar-

olle as one of his encores: feather-light, wistful, exquisitely stylish.

Goode began his recital with Bach's richly decorative Fugue no. 4. He made no attempt to imitate a harpsichord, but expounded it with robust clarity (and scarcely any pedal). A bracing performance, followed by pawky readings of five Chopin mazurkas and a luminous Polonaise-Fantaisie; then came the *pièce de résistance*, Schubert's last great sonata in B-flat.

Here Goode was in his element. The performance was both affect-

ing and compelling, very free with tempi in the grand Molto moderato, introspectively songful in the Andante. There were some odd jumps forward - as in his Beethoven. Goode occasionally skipped half a beat; but they were momentary blips, not distractions. His gentle concentration (sometimes with a bit of involuntary singing) was seamless. He too offered a surprise encore: Chopin's glorious Barcarolle, delivered with mannered elegance, not one salient point missed. A touch more piano-glitter wouldn't have come amiss, but glitter is not Goode's thing.

David Murray

ARTS

A change of tune for the musical

Intimate shows may be all the rage, but where is the rap, punk and soul? asks Antony Thornecroft

The big West End musical is looking a bit peaky. *Sunset Boulevard* has folded prematurely; *Martin Guerre* and *Jesus Christ Superstar* are less than smashes; and there are seats available for *Miss Saigon*, *Cats* and *Les Misérables*. Only *Phantom of the Opera* keeps the tourists in business.

In her tiny 160 seat Bridewell Theatre, a converted swimming pool hard by St Brides in the City, Carol Metcalfe plans the revival of the British musical. On May 15 she presents *Setting New Scores*, a four week season of three new musicals which, with the break-a-leg enthusiasm of the music-theatre fanatic, she believes have a starry future ahead of them, not least in the West End.

The day of the £3m plus musical could well be over. "With such a huge investment people look for a certain type of show: it has to appear spectacular. The backers must feel very sure about it," says Metcalfe. "The theatre is not like that - there must be the possibility of failure." And too many of the megamusicals have been falling in

recent years so the opportunity to stage a show for less than £20,000, which might then go on to make millions on Broadway, is very attractive to the tyro Lord Lloyd-Webbers and Sir Cameron Mackintosh. It is this opportunity that Metcalfe, and the Bridewell, provide.

The success of Lloyd-Webber and Mackintosh in making London, rather than New York, the driving force behind the modern musical has attracted imitators. It has also created a vast pool of expertise in the West End of artists who feel confident about their musical skills. If economics and taste are pointing towards smaller scale, more intimate musicals, there are plenty of writers, composers and performers ready to seize their chances.

In three years the Bridewell has built up an enviable catalogue of hits, near hits - and misses. Its first production,

Sondheim's *Pacific Overtures*, so impressed the composer that he became patron of the theatre. He has also entrusted Metcalfe with the first-ever production of *Saturday Night*, a musical he wrote in the 1950s but never performed. *Damn Yankees* almost got a West End transfer and so galvanised Jerry Lewis, who owns the rights, that he is bringing his own version to London very shortly.

A season of three over-looked Broadway musicals produced one dud, *Promises, Promises*; one West End transfer, *Romance*; and one on the *Twentieth Century* which, with a cast of 13, proved just too expensive to move west, despite excellent reviews. In contrast *Romance*, which persuaded a new producer, Pat Gilgallon, to take a chance on a West End run. It enjoyed only a brief spell at the

Gielgud, but *On the Twentieth Century* resurfaces again this summer - in New York.

There is one great problem about the "modern" musical: it is so obviously not modern, looking for its inspiration towards the Broadway of the 1940s, with memorable tunes and escapist plots. It seems almost impossible to create a successful musical rooted in the sounds of today - rap, soul, house, punk, what have you.

Of the three new musicals planned for the Bridewell in May, *Dearlly Beloved*, with music by Timothy Higgs and book by Robert Styles, is based on Evelyn Waugh's *The Loved One* and is a 1930s pastiche; *The Great Big Radio Show* by Philip Glassborow looks to the Big Band era for inspiration; while *Hogarth*, with music and lyrics

by David Malin and Nick Hogarth to a book by Mark Eden, updates 18th-century folk times.

The Bridewell helps with the marketing of the season but the creators of all three musicals have raised the money themselves for their showcase. Metcalfe is a great believer in the live performance. "The musical is the most difficult form of theatre to get right. If you get just one aspect wrong there is a nasty mess on the floor."

The cheap alternative to a showcase is a public reading of new work. Mercury Workshop, a gathering of 50 writers and composers working in music theatre, has tried this at the Bridewell but none of the projects took off. Only in performance are strengths - and weaknesses - apparent.

Metcalfe labours on at the Bridewell hoping that her devel-

oping City contacts - 40 per cent of the audience comes from the Square Mile - will finally bring financial security through sponsorship. At the moment most of her artists are paid little more than expenses: "It is embarrassing when the barman earns more than the star".

But at least she is no longer alone. The Mercury Workshop has attracted money and support from Stephen Sondheim and Cameron Mackintosh, and is more active than ever. It has also found an outlet at the Jersey Street Theatre off Piccadilly, which concentrates on producing cabaret and revue. Its director, Neil Marcus, has been asked to take a show worked up at Jermy Street, *Four Legs in Bed*, to the first New York International Fringe Festival in August, and its recent presentation, *Late and Lyrical*, has provided young composers and writ-

ers with the opportunity to air their work to the growing audience for sophisticated cabaret and nostalgic music.

In addition, the casts of the West End musicals gather after their performances at Centre Stage, a club near Seven Dials, to show off old songs and new, set-pieces and improvisations. In their resting weeks they also provide the casts for the fledgling musicals.

With the Denmar in Covent Garden now scheduling two musicals a year, and the King's Head in Islington keen on musicals, there are plenty of opportunities for aspiring song-and-dance men and women. It would be optimistic to expect the musicals exposed at the Bridewell next month to have a long shelf life, but there is at least the chance that they might be revived in 30 years' time as formative works by the next generation's Lloyd-Webber and Rice, the next Rodgers and Hammerstein. But to really conquer the world, today's composers must find a way of adapting today's music to a much loved form of entertainment.

Laurens Alma Tadema was born in 1836 into genteel poverty, the son of a village lawyer in Friesland in the north of Holland. The anglicising Lawrence, and the strategic hyphen to bring his name to the front of any catalogue, came later, the fruits of success that, at its height around the turn of the century, commanded for his work sums equivalent to six or even seven figures today.

Yet by the time of his death in 1912, for Sir Lawrence, RA and all that, the tide had already turned. His memorial show at the Academy in 1913 was poorly attended, and by the 1950s, though still to be found in the dustier corners of provincial galleries and popular with the uninitiated, his work had become something of a professional joke and could be had for a song. Now we are back to those telephone-number prices in the salerooms, such has been the general revival of interest in the Victorians over the past 20 years or so. And scholarship and critical revision ever follow the market, if a little way behind.

Now at last it is Tadema's turn, painter of imagined Pompeian pleasures and the idle Roman life, of naked girls splashing in marble baths, the banquets, the Bacchic processions, the *jeunesse d'orée* dreaming and flirting on terraces high above the bay. But who would have thought to find the Van Gogh Museum at Amsterdam as prime mover? Is Tadema worth the fuss, or such kudos by association? The short answer, having seen the exhibition now at the Walker Art Gallery in Liverpool, its only British venue, is "yes".

The Van Gogh connection makes more sense than might be supposed - not in the work itself, but through a common background and experience in art. Both artists had close links with their contemporaries of the Hague School, which was so close in spirit to Barbizon and early Impressionism. Van Gogh through Anton Mauve, a cousin by marriage, Tadema through Hendrik Mesdag, a slightly older



More sensual than Courbet: the unfinished 'Exhausted Maenides', 1873-74, by Alma-Tadema offers a fascinating insight into the broad, bravura technique that underlies his work

Painter of Pompeian pleasures

It is high time to reassess the work of Alma-Tadema, writes William Packer

consin who was briefly his pupil at the Brussels Academy in the 1850s.

And the first surprise, in work so amenable to reproduction and which puts a natural emphasis on imagery and narrative at the expense of scale and surface, is to find how free and expansive Tadema's handling so often is. The huge mass of petals, for it is a large painting, that smother the guests in "The Roses of Heliogabalus" (1888), is a wonder of effective description, rich in the paint itself

yet so freely energetic in the statement. From another hand, and free of the weight of narrative, from Monet perhaps, or Renoir, it would long ago have won the critical applause its actual painting warrants.

For technically he is a remarkable painter. The large, half-finished "Exhausted Maenides" (1874), in truth an excuse for painting three naked women stretched out asleep together, is as fine an example of working from the nude as could be wished, wonder-

fully modelled in the parts that are resolved, and offering besides a fascinating insight into the broad, bravura technique that underlies it. Even Courbet is not more sensual.

But Tadema's problem has always been that very virtuosity, which has brought upon his subsequent reputation all our puritanical distrust of conspicuous performance. He, a Dutch painter trained in Belgium, was steeped in the older Dutch and Flemish traditions of genre realism. Yet in him, in

the later 19th century, that same character of detail, that mastery of light and texture, that so delights us in a Dou or Metsu, de Hooch or Vermeer, is somehow deeply suspect.

The narrative gets in the way, of course, yet we are quite prepared to accept a similar narrative quality, with all the sexual innuendo that often hangs so heavily about it, all those oblique exchanges and meaningful gestures, in any "Concert party" by Terborch. Poor Tadema's ageing senators

and pretty young thing, "Between Love and Hope" (1876), have never been given such benefit of the doubt.

Perhaps it is the fancy dress that does it, perhaps the sentimental titles. But historical fantasy is to be found in western art from Giotto to Picasso, and Tadema's particular concern was only to dress it up as authentically as possible after the latest archaeological and photographic evidence. Is it not a reasonable function of the imagination to wonder

how the world once was? As to the titles, he was only the child of his age.

His bad luck has been to be too narrowly categorised simply as a Classical Revivalist, lumped in with artists more limited than he, such as Leighton and Poynter, purely by virtue of his subject-matter. But that contemporary context itself was never so tight, nor his own work so limited, and its wider consonance speaks clearly from it when seen in something of its full scope. For here too is the aesthete,

close to Whistler, Orchardson and Albert Moore, here the painterly realist and the portrait painter, here the symbolist close to Ingres, Knopff, Klimt and Rops. For all the pleasure we still may take in those pretty, bathing, dreaming girls, we must take him more seriously, and more generously, from now on.

Sir Lawrence Alma-Tadema 1836-1912: The Walker Art Gallery, Liverpool, until June 8; sponsored by Air UK and Christie's.

Television/Christopher Dunkley

A mission to explain

a remarkably effective job in explaining how the low wage economies of China and India and the emergence of those countries into global markets are affecting fundamentally the prospects of both employed and unemployed in advanced industrialised countries.

It is the sort of subject which tends to be well covered in books, and explored with erudition in the pages of the FT, though in this newspaper you would usually expect just one aspect of such a large subject to be studied in detail. The popular press these days shows little enthusiasm for attempting to give a broad overview, so the job now tends to fall to television (though it can also be done outstandingly well on radio). What is so impressive about *Vote Now, Pay Later* is that it sets out to tell the entire story, relating it to Europe and the US as well as Britain.

There is, perhaps, too little detail at the start on the developments in China, Asia and the Pacific rim which have led to this growing crisis. But the reports from Jay

completely, and after that how fast they will move into the service industries as well.

Channel 4's Monday evening series *Mrs Cohen's Money* sounded from the billings as though it, too, might have a B-J style mission to explain, and perhaps it does. However, Bernice Cohen is to finance what Sister Wendy is to art: the person dedicated to providing not so much spoonfuls of honey to help the medicine go down, but great ladsles of the stuff. There is nothing wrong with the stories that the series has tracked down, on the contrary. Last week it was people who found that their insurance policies failed to cover precisely the risks they might think they were insured against, and this week it is people who find themselves at loggerheads with the Inland Revenue.

They provide very cautionary tales indeed, but there is the continual danger of being distracted by the loud-mouthed show-off, Mrs Cohen, who is perpetually encouraged to over-perform for the camera. Hardly surprising, given what else the producers feel they have to bring in to stop us all switching to *Top Gear* or *EastEnders*. This week it is a big body of riflemen, kitted out in 19th century scarlet uniforms, whose relevance never becomes clear. Nowhere in the Birt-Jay thesis is it suggested that the key to good television journalism is plenty of Equity extras.

There is one in every general election: soaring, spouting, giddily uncontrolled, organically self-indulgent. Last time Neil Kinloch, this time John Humphrys. I refer of course to what the popular press calls Welsh windbags.

Humphrys has gone faintly dodgily in Radio 4's *Today*. "That was a joke," he muttered last week after some bizarrely inconsequential remark. He even put on a funny voice later in the programme. The momentous times in which we live have gone to his head. Too often the question he puts takes so much time that there is hardly any left for an answer.

I am tempted to shout "shut up" at the radio, as I occasionally find myself doing with Robert Robinson in *Brain of Britain*. Robinson's *obiter dicta* have become self-advertising ramblings barely connected to the quiz and its participants. The pity of it is that he is a man of wit and erudition. Perhaps the BBC should just give him his head, half an hour a time, and scrap any pretence to a coherent programme. Or he could be paired with John Humphrys: they could talk together, each totally ignoring the other.

It is all to do with putting up a front, of course. A new series entitled *The Front* deals with just that, or more precisely "people and pretence"; but should not therefore be confused with party

Radio/Martin Hoyle
Much ado about nothing

political broadcasts. Last night's opener about "pretence and childhood"? The great names concerned with observing the Sicilian paradox tumbled out: Aeschylus, Mario Puzo, D.H. Lawrence, Machiavelli, Maupassant, Gavin Maxwell... and Patrick Brydson of Ayrshire, whose best-seller on Malta and Sicily in the 1970s may have led to the whole northern Romantic thing with Italy, from Goethe onwards. A salutary reminder of a fascinating place and people, too often overshadowed by popular culture's obsession with The Mob.

An unheralded one-off called *Between the Sheets* was a typical example of the serendipity once a Radio 4 speciality. Kati Whitaker looked at beds and their makers, from the Great Bed of Ware to beds with stereos and cocktail cabinets built in. A fine selection of voices made up the kaleidoscope: good radio - the equivalent of TV's much-shunned (by directors) talking heads, and none the worse for that. It all depends on what the heads are saying. *Costing the Earth* came as

a shock. The British are so used to being virtuous in some environmental respects - not blazing away at songbirds like the French and Italians, for instance - that we forget how we can look like the dirty man of Europe. In an election special the politicians contradicted one another as usual. I found myself unaccountably sympathising with John Gummer. He gave signs of having the right ideas, not backed up by an indifferent government. The Greens have made the simplest and best political broadcasts, with their once-upon-a-time approach to the wonderful, abundant planet Earth which has nearly blown it. And I liked the sober tones of the Natural Law Party, down to earth even when promising tantric yoga for everybody.

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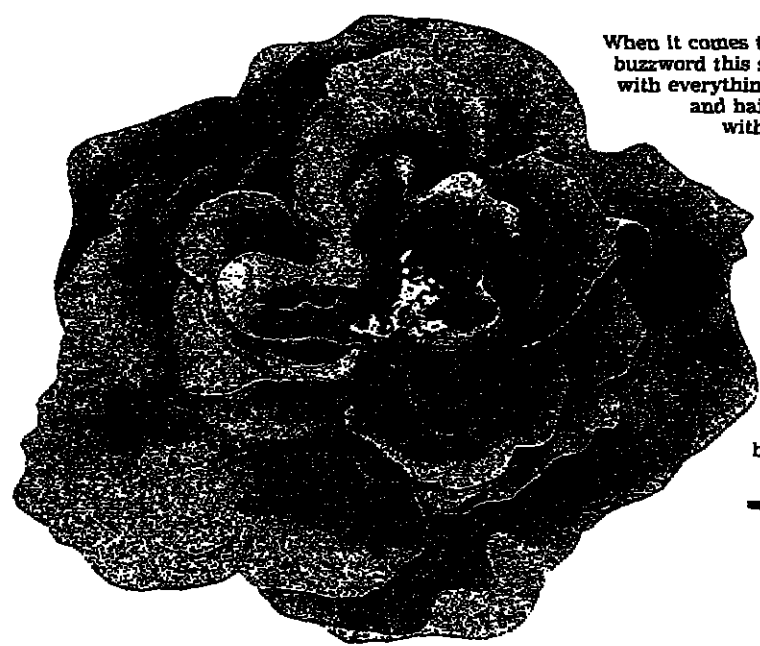
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ART GALLERIES

*Susan Shaw, Watercolours, from 27th April, 1997, for two weeks, Century Galleries, The High Street, Harley Winton, Hants, Tel: (01235) 842 747

FASHION

Blooms – rare and otherwise – are all the rage this spring, says Marina Newland



When it comes to fashion, "flower power" is the buzzword this spring. Mother Nature is the inspiration with everything from bags to belts, sandals to jewellery and hair ties to dresses given a sweet prettiness with floral embellishments of every kind.

The trend was first seen last year on the catwalk when designers such as Anna Molinari for Blumarine, Clements Ribeiro and Dolce & Gabbana used blooms of every description to signal the new soft mood blowing through the fashion world. The high street has followed suit, with virtually every name stocking little floral numbers and every accessory chain selling flower-embossed creations.

House and home have continued the trend with floral sheets at Ralph Lauren, flower-encrusted plates by Christian Lacroix and bloom

embellished toothbrushes at The Conran Shop.

On the high street, floral accessories are not hard to find. The easiest and quickest way to update any outfit is with flowers in the hair. Johnny Loves Rosie is a name to look for. Started five years ago by American entrepreneur Maryrose Monroe, it specialises in floral hair accessories of every kind. The range boasts clips, hair sticks, bobby pins and elastics concealed by flowers of every colour, shape and size from single-stem elastics to hold a ponytail to vibrant posy clips. Alternatively, try any shop which sells silk flowers – the wired stems make them ideal for weaving into hair.

On the shoes front, seek out Manolo Blahnik's beautifully crafted high-heeled sandals in linen with two rows of peonies across the front. Gina's floral print wedge shoes, or Prada's mules. Sam de Teran offers leather sandals which boast a single white daisy at the toe piece, ideal for tiptoeing through their natural counterparts, while flip-flops at Fenwick's brandish a floral centerpiece, perfect for strolling by the pool or drifting through the sand.

Swimwear too is ablaze with floral colour. Dip into the bathing suits of Spain's Manuel Canovas, whose range incorporates sarongs, shirts, little dresses and leggings for the co-ordinated look. Or try old favourite Kenzo, whose startling colour combinations never fail to catch the eye. Both Canovas and Kenzo are available at Harvey Nichols and Fenwick's.

Perhaps you have trouble moving from sombre blacks and navies to a flowery frock – you could start by investing instead in flowery underwear and bloom from the inside out. Marks & Spencer has a popular blue floral set, while Triumph and Knickerbox are awash with every conceivable flowery pattern. Further floral investments can be found in Boisvert at 168 Grafton Street, whose French buyer has invested in a large stock of exquisite flower-inspired lingerie.

Finally, remember that florals may be the last word in fashion this summer, but contrary to the usual fickle *diktums*, these florals are perennial and come next summer are likely to bloom as prettily as ever.

Flower power

Top, Blue peony hair clip, £16.95, from Johnny Loves Rosie. Far right, Kenzo's orange and pansy swimming trunks, £45, from Fenwick of Bond Street, 63 New Bond Street, London W1 (0171-629 9161). Turquoise floral baby jacket with heart shaped buttons, £44, from Oilly, 9 Sloane Street, London SW1 (0171-823 2505).



Far left, Hand painted silk tulip bag, £557, by Carolina Herrera from Harrods, Knightsbridge, London SW7 (0171-730 1234). Tulip satin devoré bag, £199, by Camilla Ridley (0171-221 7329). Enamel hair clip £29, from Space NK, 45 Euston Street London WC2 (0171-378 7030). Daisy chain enamel jewellery, from £78 for a pair of earrings, from Butler & Wilson, 20 South Molton Street, London W1 (0171-409 2955). Selection of hair accessories, from £7.95, by mail order from Johnny Loves Rosie (0171 435 0089). Delicate pink linen sandal, £300 for a pair, from Manolo Blahnik, 49-51 Old Church Street, London SW3 (0171-352 8622). Eau de Toilette, £11.95 for 30ml, from Oilly.

Photographs by Colin Beare

Beauty

Everything English is coming up roses

Susan Irvine reckons Jane Austen's heroines set this season's tone

Seasonal make-up trends from the catwalks are often difficult to wear in real life – you need only cast your mind back to last year's dolly mixture nails and harsh, 1970s eye make-up.

This spring's offerings however, come down from the catwalk like manna from heaven, especially for the delicately-tinted.

If there was ever a year for the British woman to get fashionable about her make-up it is this one, for the new look, basically, is English Rose. Think of the Jane Austen heroines who graced the big screen last year, all dewy complexions, rosebud mouths and glowing cheeks. They are the inspiration for this season's prettiness.

Pink is back in a big way: pale pink lips, rosy cheeks. Eyes are either nude, with the lashes well-curved and slicked with clear gel mascara, or else, in the stronger version of the new romance, smoky with a wash of dark blue or black shadow mixed with a little of the season's number one must-have product – Vaseline.

As with summer clothes, the key to the new look is transparency. The focus in make-up is not lips or eyes, as usual, but glowing, dewy skin and healthy pink cheeks. A tiny dot of pink blusher blended well into the apple of the cheeks is the effect to go for.

The ideal for the skin is what the French call *un peau d'ange* – angel skin. Achieve this by priming your natural complexion with loads of moisturiser, working just a foundation or concealer into flaws such as

dark under-eye circles or red nostrils and then highlighting with this season's cult product, Lancôme's Maquillage.

All-over foundation set with powder is out. If there is one product to throw out this spring, it is powder. For once, you want your skin to glow, even to shine.

At its simplest and freshest, this new romantic softness is near-natural. All you need are moisturiser: Maqui-

look is with nothing more than gloss on the lip or use a nude lip colour underneath.

Some make-up artists use BeneFit's Lip Plump, which is skin-toned, under a crystalline gloss. Nails can be left natural or with a pale pearlescent tint.

Key products

Moisturiser of the moment is Kiehls Ultra Facial Moisturiser, £14.50. For more of a sheen, top

make-up artist Pat McGrath, who has spearheaded the new romantic look, uses Aveda's Miraculous Replenisher.

For instantly radiant skin and eyes, nothing beats two Clarins products, Beauty Flash, £18.50 and Skin-Smoothing Eye Mask, £19.

Vaseline, from £1.99 – to give a sheen across the eyelid, either mixed with a little foundation or blended into a smoky-toned shadow. It is also the world's cheapest lip gloss and make-up artists sometimes use a little on bare collarbones as well.

Maquillage by Lancôme, £15. It has tiny gold flecks in it which give skin an instant, indefinable radiance that looks natural. Mix a little into your foundation or moisturiser for an all-over glow, or use it as a highlighter across top of cheekbones, under eye, and on browbone, on collarbones.

Softwear by Helena Rubinstein, £19. If you need a little cover, use this as concealer. It is the first foundation to contain a microfibre – a key element in many of summer's nude, stretchy dresses. It will slip over skin like a Prada shift, allowing skin to breathe.

Pinch Your Cheeks by

Origins (Harrods), £9. A transparent gel – use sparingly – that gives the most natural blush.

Plastic eyelash curlers by Creation Life, £3.50. Unlike the metal ones, these plastic curlers are not torture. When you are wearing little eye make-up it's even more important to "open" the eyes by curling lashes. From Screen Face, 21, Powis Terrace, London W11 1JH (mail order: 0171 221 8289).

Brow and Lash Gel by The Body Shop, £3.35. More natural than coloured fibre mascara, and doubles as a good eyebrow groomer.

Effets de Perle, by Dior, £28. An eye palette with several shades and shimmers of white to use on eyes or as highlighter.

Blue Variations, by Shiseido, £18.50. For the smoky eye. Looks almost black on the palette, goes on navy-blue. Pat McGrath mixed it with a smear of Vaseline for a colourwash of dark, smoky navy across lids and round eyes at the Prada show.

Rosy lips: there are several great choices this spring. Clear gloss: Crystal Clear Lip Gloss, £10 by Elizabeth Arden. Slightly pink-tinted, a really pretty effect – RoseMist Lip Gloss, £12, by Aveda. A palette of subtly-tinted, iridescent glosses: Lèvres Lumière Neon, £27, by Chanel – summer's must-have. A natural rosy stain: Liquid Benetint by BeneFit, £20 – it also smells of roses courtesy of rose essential oil.

Stockists: Aveda (ring 0171 410 1667/8 for stockists and mail order). BeneFit (from Space NK – 0171 256 2303 – or Harrods, plus mail order). Kiehls (Harrods, Liberty and Space NK).



David Downton

How to Spend It

Not cane nor wicker, it's Lloyd Loom!

The furniture made of paper is once again in demand, reports Lucia van der Post

Almost everybody thinks they know what Lloyd Loom furniture is – it is made of cane that is inextricably linked with images of the Raj, that lurked in the form of a laundry basket in many a post-war bathroom, and even in its most battered form somehow conveys an easy, unforced vicarage charm.

It is the Lloyd Loom chair that used to be the staple of grand ocean liners, that still furnishes the Royal Box at Wimbledon and seems the only proper chair to grace a conservatory. The odd thing is that although it is almost universally perceived as being made of some form of rattan, wicker or cane, it is, in fact, made of paper, twisted according to a patent invented by an American called Marshall Burns Lloyd in 1917.

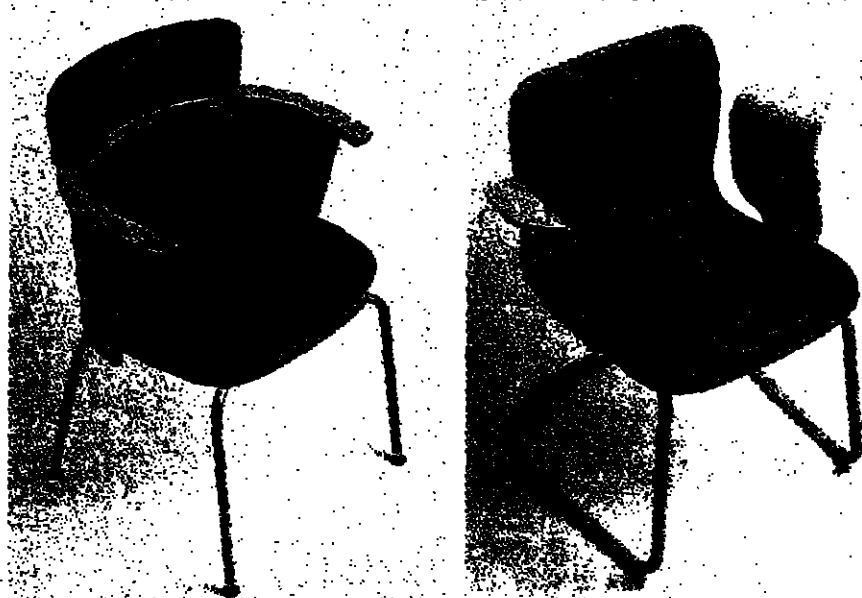
Paper alone, needless to say, is not enough. It had to be first dampened and then twisted on to steel wire. This combination of the wet of the plain paper fibres and the warp of the steel-wired backed paper gives the pieces their rattan-like look and their strength. Authentic Lloyd Loom pieces are renowned for their strength and durability, and to be authentic the frames should be made of best quality beech.

At the height of their popularity – during the 1930s and 1930s – some 10m Lloyd Loom pieces were sold on both sides of the Atlantic. When a British company, Lusty's of Bromley-by-Bow, bought the patent it was an almost immediate success and was soon promoted as "Neither Cane Nor Wicker – Superior to Either". At the peak of its business Lusty's was making about 4,000 pieces a week.

In the 1960s and 1970s – when interest in modern design was riding high – Lloyd Loom went out of fashion, demand began to fall and Lusty's sadly went out of business. Cheap imports (using cheap wooden frames and sometimes cane or rattan to imitate the process) undermined the image. But in 1987 an entrepreneur called David Breeze, who had first fallen in love with the furniture when he sold it on the antique market, decided to try to breathe new life into



Row of Lloyd Loom upright chairs, ranging from £195 to £225



Left, Zephyr chair with black or tan leather and ant leg base, £242. Right, Yoyo chair with arms and cantilever base, £250



Canterbury Deluxe Armchair, £262 and round deluxe coffee table, £225. All by Lloyd Loom of Spelding

the Lloyd Loom business. He discovered that the patent had run out and he couldn't find anybody who would show him the Lloyd Loom method – so he was forced to take the slow route. It took him four hours to take a chair apart and discover how it was made. Then he had to track down looms on which he could weave the paper and wire – eventually he found three in Ireland which he bought for £750. Then came the problem of learning the manufacturing process.

For this, Breeze persuaded a professor in the Textile Department at Huddersfield University to teach him the process. After much trial and error a prototype chair was produced in a

garden shed in 1987.

From that small beginning Lloyd Loom of Spelding (see Breeze calls his venture) now makes 800 pieces a week and he has won a Queen's Award for Exports. The range of designs is large and traditionalists will be happy to know that many of the old familiar designs are still there. But for modernists, who believe old techniques should always be harnessed to new ideas,

Breeze has a number of up-to-the-minute new pieces.

Designer Geoff Hollington was brought in to freshen up the range and today there are some quite startlingly innovative pieces – a series of office swivel chairs in different finishes, an updated version of the laundry basket, some durable floor-coverings and lots of small accessories (such as lampshades and bread baskets) are in the pipeline. The furniture comes in a range of colours – from white and cream to sugar pink, egg-yolk yellow, pale blue as well as lovely old-fashioned conservatory green.

It would be nice to be able to say that prices were lower than you would pay for an antique version should you be lucky enough to track one down – alas, the realities of modern cost structures (and this furniture is still largely handmade) mean that it

costs quite a lot more. The new office chairs range from £235 (for the Yoyo chair with metal stackable four-leg base in black or tan leather) to £595 for the Zephyr chair with a swivel base, and black or tan leather back and seat cushions.

The new linen basket is £210. The floor coverings are around £59 a metre and in the more traditional range chairs cost around £230 each, small tables

about £375 and a small two-seater sofa costs £385.

There is a new showroom at Wardens Lane, Finchbeck, Spalding, Lincolnshire, PE11 3SY, UK (tel: 01775 712111, fax: 01775 761255) where the full range can be seen and bought. A free brochure as well as samples of fabrics and colours are available from the above address. Elsewhere the furniture can be seen and bought at Obay Court Furniture, Osborns

Court, High Street South, Olney, Buckinghamshire; Jones & Rayner, 24-26 Bad-dons Road, Chelmsford, Essex; H West Furnishers, 112-114 London Road, Southend-on-Sea, Essex; Lancaster House Furnishers, 52 Wood Street, St. Anne's, Blackpool, Lancashire; Spectrum Interiors, Market Street, St. Peter Port, Guernsey, Channel Islands; and Byfords, 90-92 Witham, Essex.

Another jewellery number at Chanel

Lucia van der Post finds Coco's spirit is all-pervading in a new Bond Street bijouterie

Coco Chanel must have been one of the great life-enhancers of her day. Not for her the safe or the predictable. Just when she had persuaded the Paris *beau monde* that *faux* jewels were so much more interesting and chic than real – "anybody but anybody can wear real" – what did she do?

She staged an exhibition of real jewellery that consisted of nothing but gloriously real diamonds.

She had a *bon mot* for every gesture. "I chose the diamond," she said, "because it represents the highest value in the smallest volume."

Not long before she had been denigrating those who had indulged in the real – "they might as well tie a cheque around their neck". Consistency, clearly, was boring. Being adventurous was not.

In tune with the spirit of its founder, the house of Chanel, which has a long tradition of selling costume jewellery, has just opened a sumptuous boutique in New Bond Street which will be devoted entirely to what the French like to call *haute joaillerie* and what you and I would call serious jewellery.

Here those with aspirations to owning the real thing, and with a wallet to match, can indulge in the whole Coco Chanel experience.

The interior of the boutique has been designed to echo the sumptuousness of Mlle Chanel's private apartment in the Rue Cambon – there are lacquered Chinese Coromandel screens, crystal chandeliers, luxurious beige suede sofas and sandy beige carpets.

The jewels themselves are also unmistakably in the spirit of the house of Chanel. About half the pieces are precise re-editions of the 1932 exhibition of diamonds – for instance, the comet necklace (with

more than 600 diamonds in it, none of them precisely the same as in any other necklace), the price is somewhere in the £250,000 and over region), the "Starburst Brooch" and the "Star Ring".

Others take favourite Chanel themes (such as pearls and quilting or vibrant precious and semi-precious stones) and rework them to make modern pieces that are nonetheless recognisably in the Chanel mood.

While some of the pieces are clearly serious jewels for the seriously rich, others will be affordable to those who have had a small windfall, a well-earned bonus or just got lucky with

the building society they chose.

The star diamond earrings, for instance, are £1,600 a pair, the camellia (as any Chanel fan will know these are one of the emblems of the house) earrings are £2,500. "Coco" rings (based on one of Coco's own rings

and using gold and precious and semi-precious stones) start at £2,700 and go up to about £3,300, depending upon the stones used.

A chunky gold ring from the "Ribbon" collection is £720, one from the "Wave" collection starts at £700

while the camellia ring is £1,240. Pearls, (of which Coco was inordinately fond) feature quite heavily and a ring using pearls and the famous quilting is £2,700. The boutique is open now at 175 New Bond Street, London W1.

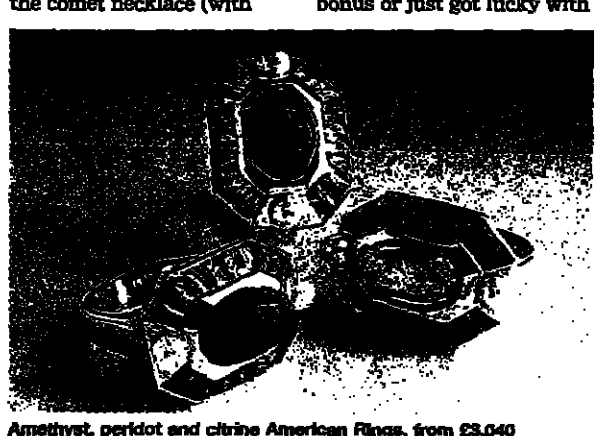
Petronella Wyatt runs off with Imran Khan.

"THE WOMAN CALLED OUT, 'ELEANOR, IT'S THAT JEMIMY.' ELEANOR PULLED AT MY JACKET. 'DON'T YOU LOOK SMART. BUT WHERE'S YOUR OLD MAN?'"

THE SPECTATOR

An ice-pack for the brow of a fevered electorate

Petronella Wyatt goes in search of the Goldsmith campaign against David Mellor in Putney and gets mistaken for Jemima Khan. Plus other local election lunacy. Only in The Spectator, out today.



Amethyst, peridot and citrine American Rings, from £5,040



Geode necklace in white gold, diamonds, sapphires, £250,000



Camellia rings, onyx and white agate, 18-carat gold, from £1,240

The Financial Times plans to publish a Survey on

India

on Tuesday, June 17

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FT Surveys

TRAVEL

The Transkei - complete with its colonial definite article - has an evocative ring about it, but the origins of the name are prosaic. It is, literally, the land across the River Kei - a cue for David Lean jokes as you cross over the bridge at the border which used to separate this Xhosa homeland from the old South Africa. Now the barriers are down, and the new South Africa is all out to promote the delights of its wild coast - hence the conversion of the east European-looking concrete pillbox border control to a tourist bureau.

Happy, it is largely untended. One of the chief joys of the region - now part of the Eastern Cape Province - is that its beauties remain largely unspoiled by the progress of western civilisation and consumerism. An artificial designation as a homeland may have been a cynical ploy of the apartheid years, but it also preserved the area's character.

Driving north from East London, with Mark Ashurst from the FT office in Johannesburg, we lost the poverty of modern townships and regained a land of subsistence farming, friendly locals, and immaculately-dressed schoolchildren. It seems the birthplace of Madiba - a Xhosa endearment allotted to President Nelson Mandela and now adopted throughout the country - also retains much of his forgiving, open character.

We had heard that the road to the old Transkei capital, Umtata, passed through Qunu (pronounced, like Xhosa, with a palatal click on the first syllable), the village where Madiba grew up. Accordingly, after a night in a cockroach-infested country hotel at Idutywa, we made a dawn run on Qunu.

It rose romantically through river valley mists, set on the high veld which undulates gently towards the coast. Here, in the village of characteristic wattle-and-daub rondavels (all painted turquoise), the 20th century's last great hero grew up.

The locals are rather guarded about their president's origins; it is perhaps too personal a matter for foreigners to come gawping at the Mandela homestead,



Our personal nature reserve

Philip Hoare feels a sense of resplendent isolation in President Mandela's backyard

exhibiting as it does his humble origins.

They were much more eager to point out Madiba's country retreat on the other side of the road, a low bungalow-cum-compound in yellow brick. From here, just before dawn, Madiba sets off on an exhausting (for his companions) hike across the hills, talking all the time, surrounded by a phalanx of bodyguards (whose services the president has only recently accepted).

Mandela's love for the place is perfectly understandable. It is an idyllic landscape, all rolling hills bedecked with spiny, flame-coloured aloes. At its centre

is Umtata, once the headquarters of a corrupt homeland administration, now a fantastically African town, bustling with uncrated and strewn with street-vendors purveying anything from bootleg trainers to bubble-bath in gin bottles.

Here you need to book accommodation for the Wild Coast reserves in ancient offices lit by flickering emergency battery lights; there are frequent power cuts, and the telephone system is equally erratic. Do not call there on a Saturday; you will only find a young man on bushfire watch, one eargged to his radio as he tells you to return on Monday.

With the descent to the coast and the Indian Ocean, the climate becomes appreciably hotter. Paw-paw, banana and avocado trees take the place of the cacti-like red spikes of aloes, and the earth feels hot and damp, and smells the way only tropical earth can smell. The only settlement of any size on the aptly named Wild Coast is Port St Johns: a haunted old town named after the Sao Joao, wrecked there in 1552.

Quite a few human shipwrecks seem to be still there, not least a small back-packing population. There is a faded hotel, and an excellent guest house, and the

whiff of dagga, cannabis, is never far away. The view from the sub-tropical terrace of The Lodge must be one of the best in the world: palms, white sand, blue sea, all framed by picturesque cliffs hewn out of basalt.

Deceptively idyllic, perhaps an inordinate amount of seagoing vessels have met sticky ends on these rocks, and beads and bits of crockery are still being washed ashore from 18th century disasters.

The Agulhas current runs southwards along the coast, giving ships sailing south a 10-15 knot headwind; sailing up from the Cape of Good Hope is a different proposition and accounts for 18th century tales of vanishing shipsloads of survivors, completely unable to make it back to Cape Town or Delagoa Bay through the lion-infested and generally unfriendly interior.

One might as well have been on the moon as he cast upon these unknown shores; the sensible alternative to the dangerous trek to a trading port was to "go native". According to historian Stephen Taylor, one Portuguese mariner, found living on the coast 40 years after being shipwrecked, had a wife and children and declined to leave his idyll. "He spoke only the African language, having forgotten everything else, his God included," wrote a would-be rescuer.

Hopelessly lost in the maze of unmarked and impossibly rutted tracks that wind through the hill villages that run down to the sea, we gave up the idea of finding our destination and sat to picnic at a deserted rocky cove, a white point. I rather empathised with the Portuguese mariner: the idea of being lost to the world seemed inordinately attractive in this wild, beautiful land.

The interior may have been unfriendly to castaways, but I cannot believe the natives ever were. There are only about three sealed roads in the whole region,

and hurtling down treacherous dirt tracks into the rural depths brings you close to the reality of life in the old Transkei.

The children and farmers we passed seemed to find the rare sight of obviously lost white people hilarious, and our arms ached from reciprocal waving. A few Xhosa words and phrases go down well: "Molweni" in greeting, "Sana bulela" in thanks; but getting the click right to ask for the river Xora with a dusty mouth is not easy.

No coastal road links the wild coast - for each seaside destination, you must return to the Umtata north-south



highway - another reason why one of the world's most beautiful coastal regions is still underexplored, save for a handful of small resort hotels. It is best explored on foot: the whole coastline is one big hiking freeway. Permits are required to walk through the nature reserves - you must walk north to south - and water is available at trail huts, sited every 12km.

To walk the entire wild coast would take two weeks; we took a softer option. For two nights, we stayed at one of the few "developed" resorts, a low-key collection of thatched cottages at the mouth of the Umngazi river. From there you can take a day's hike to one of the most southerly mangrove swamps in Africa. Having waded across a deceptively shallow river, we climbed on to the

sticky mud bank. It was a fantastically primeval sight: white mangrove trees with aerial roots sticking bizarrely up out of the grey mud, itself potted with a thousand drillholes, homes to scuttling sesamid crabs. Above, the upper branches are festooned like nuclear Christmas trees with pedant mangrove snails, all curled up in their twirly cone shells waiting for the water to return.

They must have had a good snigger at us ignorant incomers, lounging blithely on a grassy knoll with no idea that the tide had come in, fast. Calls to a passing motor boat were merely returned with a friendly wave. Having borrowed a row boat to rescue ourselves, a motorised dinghy containing two Baywatch babes appeared out of nowhere - a surreal sight in this wilderness. Its bleached blonde occupants wondered loudly, and with some vehemence, if we usually took other people's boats without permission. Not much one can say to that.

It was a long trudge ashore home: a Xhosa stinkwood staff is recommended for the soft going through sand. A less welcome acquisition were the little black ticks which had decided to colonise my lower stomach and other unmentionable parts of my body.

But the best experience of the wild coast has to be one of the huge nature reserves that encompass large tracts of the coastline. It took nearly a day to get to the one at Dwesa, involving intricate directions from a truck-coated Xhosa with a bald head and broken teeth, resembling no one so much as Marlon Brando in *Apocalypse Now*.

He had heard of Dwesa, and rolled the word round in his mouth while rubbing the folds at the back of his neck. His English was immaculate and baroque, as if he had learned it in the 18th century; but his directions were entirely incomprehensible.

By nightfall we still were

not there, driving in the pitch-black along unignited gullies, unknown territory to either side. Only the fact that the moon and stars had suddenly become parallel indicated that we had ascended high into the hills before dropping back to the coast.

It is not advisable to drive at night. Even the locals seemed less amenable under the cover of darkness; we stopped once for directions and found ourselves intruding on what was probably a *muti* (witchcraft) ceremony.

We entertained notions that Marlon had set us up for a bit of *muti* sacrifice (fresh body parts are one of the principal ingredients of really successful *muti*).

At last Dwesa came in sight, and having handed our official papers to a suspicious and conspicuously armed guard at a barbed wire gate, we were shown up steep stone steps to a log cabin. Only at dawn the next morning did we realise it was built on 30ft high stilts, raising us to the level of the forest canopy, and that we were the only occupants in the 3,900 hectare reserve.

It felt rather like being kings of one's own country. After breakfast in our cabin (shared with a pair of monkeys who brazenly raided our fruit bowl, and an unidentified possum-like creature which lived under the gas cooker), we walked along an unpopulated beach littered with jewel-like shells (and the odd desiccated baby shark), and climbed to Xobole Point - a good whale and dolphin-watching vantage point.

The Wild Coast, its white beaches and verdant bays, its herds of eland and swarms of crab, its deep forests and shallow rock pools, seemed to belong to us alone. I only hope that the next visitor to that cabin on stilts at Dwesa gets that same sense of isolation as we did, resplendent in our personal nature reserve. But somehow, I doubt that this deserted paradise will stay deserted for long.

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Country break / Roger Bray

A pleasant aftertaste

Hotels close to town fall awkwardly between two stools. They are neither a short cab ride from the theatre nor are they deep enough in the country to be divorced from everything to do with work. This being the commuter belt, there is always the uncomfortable feeling that you might bump into someone you know. Besides, since the traffic is invariably thickest over the first few miles, why not drive the extra 50 or so? So it was with The Springs at Wallingford, Oxfordshire.

On a good day it would take little more than an hour to get there from London. It did not really feel like going away for the weekend. The sense of familiarity was heightened

when an acquaintance revealed that he supplied much of the hotel's wine. Drink the Chateau du Pape, he advised.

My reservations were quickly dispelled. The Springs provided rural tranquillity in defiance of geography. It also acted as a stepping stone to the magnificent, windy walking country of the Berkshire Downs, which are criss-crossed by paths and bridleways.

The Ridgeway long-distance path runs parallel with the Thames, a few yards from the hotel door, but we decided to join it a short drive away, at White Horse Hill, between Wantage and Swindon. The horse, perhaps cut into the chalk during the Iron Age, looks like a trademark. The impressive

earthworks of the nearby fort, equally ancient, are the haunt of kit flyers and model aircraft builders. It is hard to be alone on the Ridgeway, particularly close to the parking areas, so we branched off quickly.

The chalky landscape was gloriously empty. We took a 10-mile circular route, descending from Weathercock Hill to Ashdown House, commissioned by the first Lord Craven in 1660 for Elizabeth of Bohemia. Neat and square, with its green dome and avenue of limes, it was described by Pevsner as "the perfect doll's house". Then the track led us across flat meadows to the village of Ashbury and a swift pub lunch.

The Springs turned out to be a fine place to ease the muscles. A Victorian mansion, built in 1874, it

was once owned by a member of the rock group Deep Purple. Hence the guitar-shaped outdoor swimming pool. Rooms, many of which have balconies, are all spacious. Service was excellent and unfussy. The restaurant overlooks an ornamental lake, fed by the springs from which the hotel takes its name. We were left with a pleasant aftertaste, a feeling that this had indeed been a proper weekend away.

Weekend breaks, in executive twin or double rooms, cost £85 per night, per person, for dinner, bed and breakfast. Tel: 01491-536687.

Ashdown House is a National Trust property, open for guided tours on Wednesday and Saturday between April and the end of October.

TRAVEL

Boggle at boobies, swim with sea lions

Winston Fletcher has some tips for touring the Galapagos Islands

The Galapagos rise out of the Pacific Ocean about 600 miles beyond the far side of South America. That is more than 16 flying hours away - if you live in northern Europe.

To be worthwhile, the excursion will take about 10 days and cost more than \$2,000 (on a package tour), or much more (if you want to fly in comfort). But if you happen to be in Latin America on business and find yourself with some time off - perhaps including a weekend - you may well be able to take in the islands in four or five days, for a few hundred dollars: a delectable snack of a holiday on which Americans are increasingly feasting.

While I was there, I met a senior computer programmer and a space researcher, both on tour of duty in South America, who had grabbed quick furloughs in the Galapagos instead of returning home.

For Britons in the vicinity, unwilling to endure the miseries of the tedious journey back to blighty when they have only a brief break available, the delights of Darwin's inspirational archipelago make a treat.

The secret is to cruise the islands on one of the 80 or so small motor yachts that continuously tour between them.

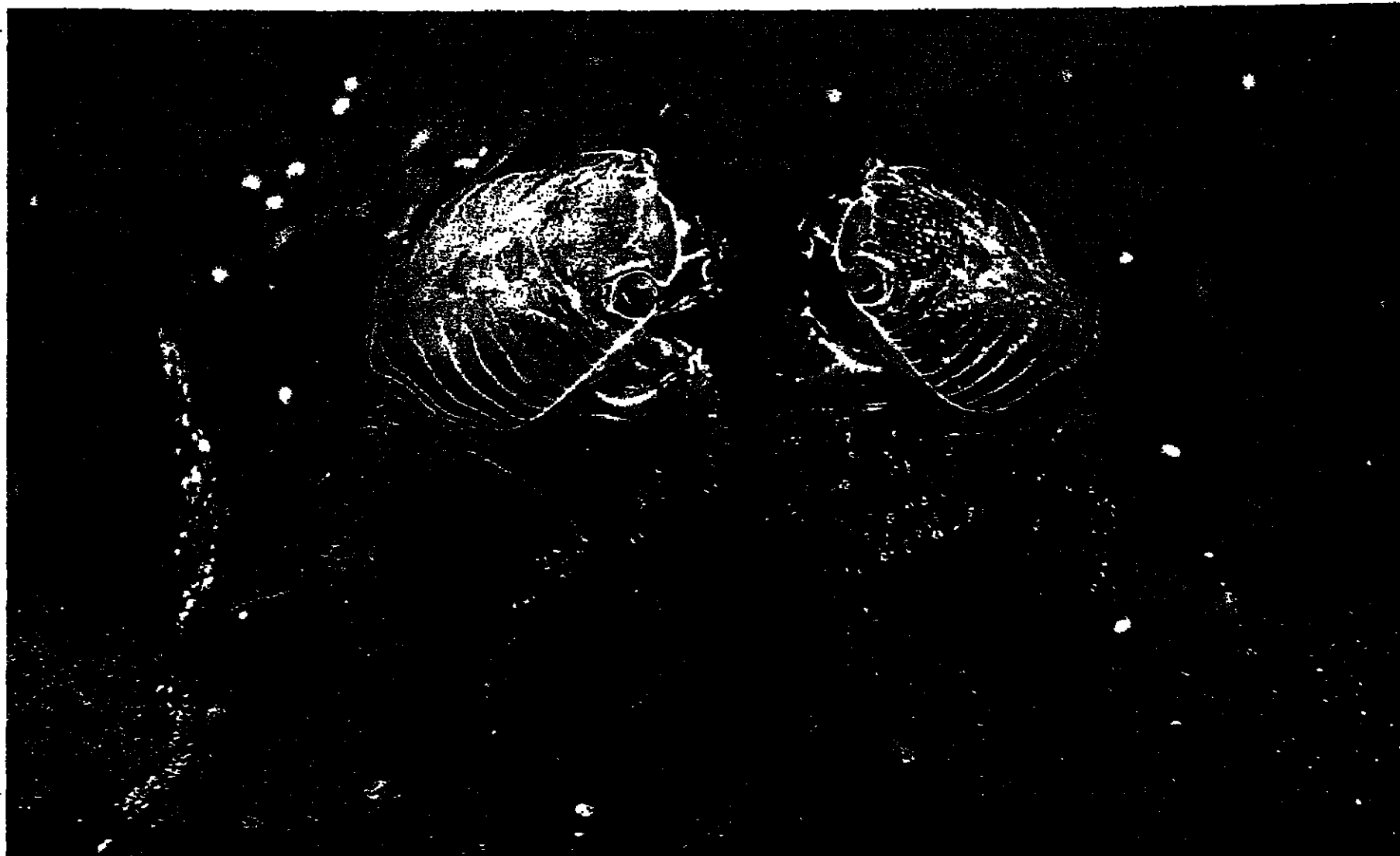
Almost all these craft offer three and four-night trips. They vary in size and grandeur, the smallest taking six



passengers, the largest no more than 20, but they are adequately luxurious, principally designed for American tourists rather than backpackers. Most cost about \$100 (\$61.70) per day, including food. (There are bigger ships which do short tours, but their schedules are necessarily less flexible.)

In order to ply their trade the boats have to be licensed by the Galapagos National Park authorities, which also require that no-one can land on the 45 environmentally protected parts of the islands - the parts you will want to visit - without being accompanied by an authorised guide. So you could not go wandering off on your own, even if you wanted to.

It is a wee bit regimented, but that is the price of effective environmental preserva-



Excuse me, do you dance? Sassy Lightfoot crabs on the Galapagos

tion. Unlike the other mammals on the islands, human beings cannot be trusted to behave properly when let off the leash. The upside is that whichever vessel you sail on, you will find a multilingual guide, most (if not all) of whom really know their plants and animals. Some have been guiding tourists for a couple of decades, others are much younger, but I did not hear a single visitor grumble that their allotted guide was either incompetent or unhelpful: much the reverse.

Contrary to rumour, after having allowed the islands to be desecrated for centuries, the authorities are now doing an admirable environmental and ecological job. People have warned that you need to hurry, as it will all soon be destroyed by the

lava-flow of tourism. I do not think that is true. The islands are now well protected. The total number of annual tourists is strictly controlled, the numbers that can land at any one time are similarly regulated, you will see little or no litter, the beaches are spotless, the paths carefully marked and the animals safeguarded. The only reason to rush is that it is so enchanting when you get there.

The Galapagos are part of Ecuador, and for business trippers the only way in is via an internal flight, from Quito to Guayaquil. (Getting there by sea is much slower, and there are no direct flights from anywhere else.)

Having to enter and leave via Ecuador naturally attenuates the journey - unless you happen to be there

already - but the cruise companies make things as easy as possible by timing the arrivals and departures of their boats to coincide with local aircraft schedules. Flights are pretty basic - forget the champagne and the gourmet menus - but they only take about an hour.

Unless you are an indefatigable naturalist and ornithologist, three or four days are sufficient to see most of what the islands have to offer. And even if, like me, you are neither a naturalist nor an ornithologist, what the islands have to offer is bewitching.

You will be able to swim with chummy sea lions, to tip-toe between sleepy iguanas, to socialise with penguins, tortoises and turtles, spy whales spouting and dol-

phins jumping, watch pelicans, wingless cormorants, frigate birds and colourfully-footed boobies go diving for their lunch, and learn enough about the sex lives of animals to keep an entire News of the World editorial team busy for months.

It had never occurred to me that so many of evolution's creatures enjoy mating in such colourful and creative ways. By comparison, Homo sapiens' bedroom antics, even at their wildest and weirdest, are humdrum.

You will never get closer to stranger creatures - so remember your camera, but do not lug loads of clothes. The animals do not care, and nor will the other holiday-makers.

And do not expect to spend much time lazing about. Communing with

nature is hard work. The boats sail to each new destination overnight and your guide will usually have you up with the dawn, because that is when it is coolest. (The islands straddle the Equator, but do not get unbearably hot.) You will frequently trek for several hours, morning and afternoon. But if you are sand-wiching your trip in between endless stressed-out management meetings the change will be better than a rest.

Exactly what you see will depend on exactly when and where you go. On a three- or four-day tour you will only be able to take in either the southern islands or the northern islands. Given the choice, I would go for the south where the terrain is more varied and attractive. Indeed the scenery, which

is rarely favourably mentioned because a lot of it is volcanic and rather bleak, is altogether more appealing than most travel writers imply. Perhaps it was just a case of low expectations being over-fulfilled - but even if so, the end result was a surprise.

Visiting nature reserves is a bit like visiting gardens. They are always either at their best the week before, or will be perfect if you come back in a fortnight. However the diversity of Galapagos wildlife is so great that there is bound to be some action, whenever you go. Equally, unless you go again and again, you are bound to miss lots. We missed the flamingos and albatrosses, saw only one tortoise and a handful of hawks. But we shall return.

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On board there is a wide choice of inviting public areas including the Observation Lounge, where most evenings passengers gather for a briefing or recap on the day with the expedition team and guest naturalists.

In addition there is an excellently stocked library and spacious and comfortable deck areas. The Lookout Point is always popular, offering as it does excellent bird's eye views and nearby the Bridge is open to all as the vessel operates an 'open bridge' policy.

Polaris has a fine reputation as a top notch expedition ship and nowhere is this more true than in the attractive dining room. The galley, only having to prepare food for a maximum of eighty passengers, is able to produce delicious meals which are served leisurely in a single sitting.

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TRAVEL

Spain's answer to Jurassic Park

Brainless boneheads have not always flocked to Benidorm. Around 250m years ago, they plumped for Rioja, west of Barcelona, instead. Now, they even have a special waymarked walking and driving trail named after them, the newly opened *La Ruta de los Dinosaurios*. It is Europe's version of Jurassic Park.

Rioja wine is one Spain's best-known products but, as a region, La Rioja is largely ignored. Even in summer the tiny airport of Zaragoza is deserted. The region offers much. From walks along the *Ciclos* and *Ebro* rivers, valley walks along the *Oja* and *Alhama*, which are also good trout fishing rivers, to the high mountain walks of *La Demanda*. Accommodation is excellent with plenty of inexpensive rural houses offering bed and breakfast as well as inns, *paradores* and hotels. Perhaps the best base is Arnedillo and the Hotel Balneario with its thermal spa.

Here you can be lovingly degreed, detoxified and revived in a mud bath and emerge from its springs tauter than taut, your silhouette spectacularly - if only temporarily - refined to face another day on the mountain

tops following in the footsteps of dinosaurs and taking a siesta in a dinosaur's bed.

La Rioja, centred on Logroño between Bilbao and Zaragoza, has one of Europe's best collection of ichnites, or fossilised dinosaur footprints. The best "beds" are at Los Cayos near Comago and above the village of Munilla. The *huellas*, or footprints, stretch 20 yards and belong to a birdlike dinosaur. The bigger dinosaurs - stegosaurs, triceratops, tyrannosaurs and brontosaurus - inhabited Colorado, Wyoming, Utah and Canada. Spain's other dinosaur sites are at Asturias, Cantabria, Castellón, Soria and Burgos.

At first the shepherds who discovered the tracks thought they were left by the horse of the Apostle Saint James or a gigantic lion. Some believed they were proof of a visit from outer space. Some still believe they are caused by too much red wine during the day.

Only in 1974 did experts from Madrid University's paleontology department identify them as dinosaur tracks. Tridactylate or three-toed prints are the most common and correspond to biped herbivorous ornithomids and carnivorous saurpods.

Iberdrola, Spain's largest national electricity company after the state-controlled Endesa, has been responsible for sponsoring excavation and maintenance work on this part of Spain's heritage and for building the dinosaur route. The prints at Los Cayos are 1ft long and 18in across and are thought to be an accurate indication of the shoe size of a megalosaurus. La Rioja used to be a primordial swamp delta. The dinosaur made a deep impression.

The unique "Dinosaur Trail" takes you on a two-day circular route around the villages, countryside and dinosaur beds of La Rioja Baja Gravalos, Igea, Navasas, Poyales, Enciso, San Vicente and Herce. It will also lead you to Comago crossing the principal valleys. You pass the San Millán monastery and walk down into the beech woods of Najerílla. Yuso monastery is

the fittest. Leaving from Ezoray, the path goes to Comago crossing the principal valleys. You pass the San Millán monastery and walk down into the beech woods of Najerílla. Yuso monastery is



an detour too.

The route begins at Fuenmayor ends via San Saseo at H At the end of June the town, a "War of Wines" in which everyone hampers each other wine and gets drenched in six different grape varieties: the local *uvas*, *claret*, *blancos*. It is a

nighttime detergent salesman's divided riverside and mountain cool. A local speciality is as a holiday destination is not yet extinct. The sea is still worth going to even it has now moved halfway up a mountain.

For further information about Rioja's Dinosaur Route, contact Spanish National Tourist Office, 57-58 St James Street London SW1A 1LD. Tel: 0171-499 0901. Iberia flies from London to Zaragoza direct (0171-413 1209).

has enough Aragon brickwork to keep the culturally minded content and enough sun to please poolside posers.

The children will enjoy what is an outdoor natural history theme park. Giant fibreglass dinosaurs roam the hillsides along the route and, if you can get up their tails and on to the head, the views are marvellous. Sadly, for many, the charms of visiting the Spanish coast may have died long ago, but the Spanish seaside as a holiday destination is not yet extinct. The sea is still worth going to even it has now moved halfway up a mountain.

For further information about Rioja's Dinosaur Route, contact Spanish National Tourist Office, 57-58 St James Street London SW1A 1LD. Tel: 0171-499 0901. Iberia flies from London to Zaragoza direct (0171-413 1209).

Kevin Pilley

Potent power of pink purchasing

The pink pound - or pink dollar, or pink peseta - has such potent purchasing power that businesses the world over are vying for a share of the gay and lesbian travel markets.

Stephen Cootie, organiser of last weekend's Freedom Fair 1997, a travel and leisure expo in London that catered specifically to gays and lesbians, says the total UK gay and lesbian consumer market is "estimated to be worth a minimum of £8bn, and attracts huge interest from big travel and tour companies".

Figures quoted by Cootie indicate that 79 per cent of the UK's gay community take two or more overseas holidays per year. Where to go? No doubt the gay grapevine is constantly a-tremble with hints and tips. But you can pick up plenty of vibes from the relevant brochures and leaflets, just as you can from those dealing with straight travel.

For example, most gay-friendly hotels also welcome straights. But some places are only for gays. If you booked into the Villas Blancas, near Maspalomas, Gran Canaria, for example, you might want to be confident that your pecs and abs were worth having. Its leaflet, which says its hospitality is

exclusively for gay men, shows bare-bottomed beefcakes at poolside who might splash water in your face. If they felt like it.

The American gay cruise charterer RSVF says it "always charters [an] entire ship so that we can create a cruise vacation tailor-made for gays and lesbians". It has a June 21-28 cruise starting at Tilbury, near Havre, and a June 29-July 5 sailing starting in Le Havre and finishing in Dover.

According to London travel company, In Touch Holidays, Europe's longest-established gay-destination resorts are "going just as strongly as ever", so its brochure covers Gran Canaria, Mykonos, Ibiza, St. Ignace, Palma, the Algarve and Turkey, as well as Florida and Prague.

A similar brochure is on offer from London company Sensations, which claims to be the UK's No.1 gay holiday company. If you want "total discretion", Sensations says it will produce gay-holiday documentation on paperwork headed Pineapple Holidays, a mainstream travel operator of which Sensations is a division.

Michael Thompson-Noel

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TRAVEL / MOTORING

Berlin: ready to take its rightful place

John Westbrooke wonders where all the people have gone in the heart of this historic city

Berlin is ready to become a *Grossstadt* - a great city - of Europe once again. But when you come up from the uncompromisingly named *Stadtmitt* - centre of the town - underground station, you look around and think: Where is everyone?

You are on Gendarmenmarkt, an elegant little square with matching churches at each end and a concert hall on one side. A couple of blocks away is Unter den Linden, the grand imperial avenue of eastern Berlin and supposedly the heart of the new, unified city. But it is as empty of people as in the dark days of the Berlin Wall, when Gendarmenmarkt itself was a fenced-off ruin.

There are attractions all around. Galeries Lafayette has opened its first department store outside France. There is a Planet Hollywood (star exhibits: Fred Flintstone's number plate and a foot-long raisin from *Honey, I Shrank the Kids*). The wonderful collections of Museum Island, pillaged from Pergamon and Babylon, are within five minutes' walk.

My host, the Four Seasons hotel, is newly opened on a former car park next to the square, unprepossessing outside but lavish and welcoming within. It is full, and so in due course will be the other five-star hotels planned for the neighbourhood, but the streets around are still deserted. Why?

This is indeed the historic



Crane to see the view: the 'quadriga' statue on top of the Brandenburg gate

heart of Berlin: when Stalin carved off the Soviet sector, he took the best bits. But it was not a residential area, and although property prices have fallen from the heights of a few years ago it is still too expensive to attract a

community of ordinary Berliners. The big hope is that when the government moves back from Bonn in 1999, it will bring high rollers with it, civil servants and diplomats with other people's money to spend. Until then,

it seems doomed to lack streetlife that goes really great cities. In preparation, my east Berlin has been a building site. Around the Brandenburg Gate at end of Unter den Linden, rise

buildings are rising to echo their pre-Wall predecessors; the Hotel Adlon is being re-invented on its old site, and the British embassy will be next door.

At Checkpoint Charlie - where western visitors once

queued to change unrefundable hard currency so they could walk across for a glimpse of the cobblestoned streets of communism - a complex of snazzy American office blocks is near completion and the Fairpoint Char-

lie salon is already open.

At Potsdamer Platz nearby, the redevelopment is so vast that I counted 45 cranes before giving up. Berlin's water table is high: Dutch divers vanish into the flooded foundations to lay

waterproof concrete before the water can be pumped out. Above them, Berliners flock to the Infobox, a three-storey building giving views out over the city with models, maps, videos and information (in German and English) about the megaplans: new trains, diverted river, underground highways, shops, offices, homes, the crossroads of Europe.

West Berlin is as busy as ever, full of fast cars, beautiful people, 8,000 bars and restaurants and all-night clubs. A section of the Berlin Wall has been preserved behind barbed wire near Potsdamer Platz, but most of its 28 miles has vanished.

The lakes and forests which were once included within it still make up a third of the city. Berlin has the size, the history and the class of a *Grossstadt*. It even has the eccentricities that mark the true metropolis: chunks of Wall for sale in souvenir shops; an annual high-tech Love Parade through its streets; a teddy bear museum; even a salon specialising in public hair-dressing.

But for all the building works, it must still wait to become the capital again. Then maybe the buzz will return to the *Stadtmitt*.

John Westbrooke flew courtesy of Lufthansa, which until reunification was banned from flying to Berlin; now it has 14 flights out of Heathrow a week. From £155. Rooms at the Four Seasons start from DM395 single, DM475 double.

Motoring

Within an Ace of the Cobra striking back

John Griffiths monitors sports car builder AC's epic struggle to keep its place in the fast lane

Alan Lubinsky, pulled over by the police while driving his growling two-seater, was asked which kit car maker had produced his replica of the famous AC Cobra. Lubinsky was not amused. The car was the genuine item. Lubinsky should know. After lengthy negotiations with the receiver, he now owns not just the car but the company - the UK's oldest car maker.

"The trouble is, no one seems to know AC is still in production," complains Lubinsky, a 38-year-old South African-born entrepreneur, whose Nasdaq-quoted Pride Automotive car leasing group is the vehicle through which he acquired a unique portion of the UK's motoring heritage.

AC Cars, located on the Brooklands industrial estate in Surrey, just a stone's throw from some of the banking that still survives from the historic motor racing circuit, is a true veteran of the European motor industry.

It was founded in 1901 and has produced a wide range

of cars, from upmarket saloons and tourers in the between-wars period to thousands of uniformly pale blue three-wheelers for invalids, under contract to the UK government.

The Cobra sports car, at one time distributed by temporary majority shareholder Ford through its network of North American dealers, is probably its best-known product - and its most controversial. A coupé version prepared for the 1964 Le Mans 24-hour race was clocked at 188mph on the M1, 113mph faster than the motorway speed limit introduced - not wholly coincidentally - some months later.

In recent years, however, AC has struggled to stay on the road. In March last year it crashed, with debts of around £1m.

Much of the problem was a failure to bring into production a new car, the Ace, after investments totalling £10m by AC's then owner Autokraft, controlled by Brian Angliis. The British entrepreneur had acquired the company in partnership with

Ford in 1987, until the relationship soured and Ford pulled out in the early 1990s.

"But there was another problem which was immediately apparent," says Lubinsky. "There was an aircraft collection; there was a motorcycle collection. Everywhere on the office walls there were pictures not of cars but of aircraft. In business terms, it was clear that the eye had been well off the ball."

Two Tempest fighter aircraft from the second world war have been sold. There is an offer in on the Hawker Hurricane. Other irrelevant bits and pieces are also being sold, further to offset the £5.5m cash paid for AC's assets to the Price Waterhouse receivers. The pictures have all been replaced by others showing AC's cars. "It's what we do," says Lubinsky, with satisfaction. It is, however, what AC nearly did not.

With AC's creditors baying, Lubinsky was last year obliged to feed the receivers with advance funds for several months to keep the Cobra in production while

deal being nursed to a conclusion. Now, with about 40 staff at work and about £250,000 bespoke Cof moving towards the 50-year mark, Lubinsky is ready to strike back in the market. All-scale specialist car, however, is one of the world's most notorious for soaking up, with trace, large amounts of a hope and enthusiasm. Indeed, AC's ME 3000, a pre-processor to the Ace, was an off to a group of senior Ford chiefs a decade ago, including former Ford Europe chairman James Capolongo. Despite all their

expertise their company created to build it, Eossee, quickly foundered.

Lubinsky insists that with AC itself things will be different. Unlike many specialist car ventures, "we have the advantage of a decent brand; one that is currently undeveloped but which - unlike some others - has not been mutilated."

That certainly applies with the Cobra, which has a small but long-established global following. Commercially, however, Lubinsky has his main hopes pinned on at last bringing into production a fully developed version of the Ace.

If that goes according to

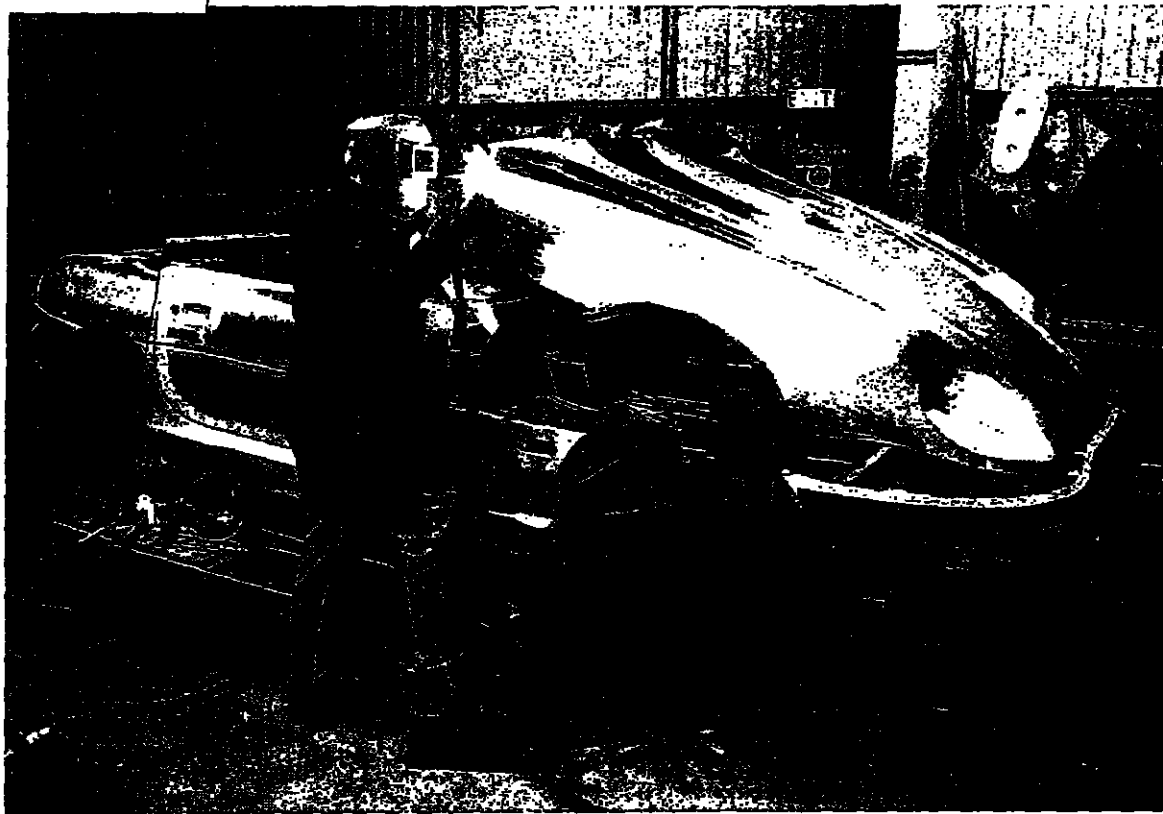
plan, next year will see production of 100 units of the Ace, a luxury sporting car pitched in price between Jaguar's XK8 and Aston Martin's DB7. By the end of the decade, Lubinsky suggests, production could be approaching 500 a year, with the car on sale in North America, the world's biggest single market for luxury sporting cars.

With its Ford V8 engine, bodywork crafted in aluminium and an interior for which more than one cow forsook its hide, the Ace is a big step removed from the glass fibre-based methods which form the basis of much of the small

specialist car industry. Lubinsky insists, also, that the Ace will get a head start in the marketplace in terms of image. "Take the Lexus [Toyota's luxury saloon]," he says. "That lacks image in the way that Mercedes, Jaguar or BMW has image, and will still take many years to acquire it. With the AC name, we've already got that image."

Whether potential buyers see it that way, only time will tell. The Ace has had a turbulent history since being shown in an early, primitive form by Autokraft and Ford at motor shows in the early 1990s.

Its long, faltering progress



Hand - the new AC Ace is constructed in the time-honoured way

towards production, interrupted also by the receiver-ship, are factors also hardly destined to help. Surveying some of the 47 "pre-production" Aces, in widely varying forms, built over the years and mostly scattered around the plant, Lubinsky himself acknowledges that he would not be restarting the Ace project himself "if 75 per cent of the work hadn't already been done" at the former owners' and creditors' expense.

Lubinsky says he is determined not to fall into the usual specialist car makers' trap, of enthusiasm for making cars eventually overtaking that for making profits. "Without profitability and tight control on costs, nothing can last," he says, pointing out that the factory is leased from Ford and that much of the assembly of the Ace will be contracted out.

The first steps back into the marketplace are already being taken.

Until now, AC has been selling the Cobras direct from the factory to customers round the world. A few days ago it appointed the Portfield Group of Chichester, in southern England, as the first of its planned new network of dealers.

Lubinsky is hopeful that, eventually, the relationship between AC's new owner and Ford will change from one of wariness on the part of the giant US car maker to something warmer - perhaps to the point of ACs once more finding floor space in North American dealers' showrooms.

There are some at least potential Ford "insider" sympathisers.

One of Ford of Europe chairman Jac Nasser's favourite cars is a Cobra.

Road test

The sound of silence

Stuart Marshall delights in Toyota's new electric car

Battery-electric cars are free of emissions but cannot match petrol or diesel cars for performance or range. So, what better place to try out battery motoring than Jersey. The maximum speed allowed is 40mph (65kph) at best and the island is so small that operating range is unimportant.

The thought occurred to the government of Jersey and Toyota. The Jersey Electric Company, British Airways (it carries most visitors to the island) and five top hotels jumped enthusiastically on the battery bandwagon.

As a result, Toyota RAV4 EVs, driven by holidaymakers who will pay the same £30 a day as they would to rent a Ford Escort cabriolet, will become a familiar sight on Jersey's roads this summer.

Every carmaker has dabbled with battery-powered

vehicles since atmospheric pollution and possible shortages of fossil fuel became important issues. Most now sit under dust sheets or are displayed in company museums.

Toyota and PSA (Peugeot-Citroën) Group are among the exceptions. Sizeable numbers of battery-powered Peugeot 106s and Citroën AXs and Saxos have been under evaluation in French cities for several years. A similar trial is planned for Coventry, in the UK.

As battery cars go, the PSA superminis are good. But the EV is better because it goes further and faster. Its top speed is about 50 per cent higher than that of the Peugeot and Citroën; and while this is irrelevant on Jersey, it also accelerates and climbs hills like a normal car.

Its state-of-the-art nickel metal hydride batteries, developed jointly by Toyota

and Panasonic, give it a range of 100km (62 miles) of its city urban driving condition.

As the land mass of Jersey is only 28.717 acres (1,164 sq miles) and permitted speeds so low, an EV could be driven around the island day without needing a charge or even a lunchtime top-up.

Then, too, unlike conventional lead-acid or alkaline traction batteries, the technology on the RAV4 EV does not gradually lose power until practically charged. Long before that, however, an indicator will have told the driver to back to the hotel charging point.

Outwardly, the EV looks no different from a petrol-engined version (the RAV4). Under the bonnet is the electric motor and sophisticated control gear. It provides regenerative braking. (The motor becomes a generator when the car goes downhill,

feeding current into the batteries.)

Since they are under the floor, rear seat and luggage space is unaffected, although the on/off-road RAV4's normally generous ground clearance is much reduced. Not that this matters because the electric one is driven through the front wheels, not all four, and is not meant to leave hard surfaces.

The EV is as simple as a golf buggy to handle. You switch on the electrical system with a key, shift a lever like an automatic transmission selector into "D" for drive, press the accelerator and go - in complete silence.

The EV reaches 30mph (50kph) as urgently as a hard-driven, 1-litre supermini. At 40-mph (65kph), you can hear the special, low rolling resistance Bridgestone tyres rumbling on a coarse road surface, but almost nothing else.



Toyota's RAV4 EV... as simple to handle as a golf buggy

Between these speeds, pick-up for overtaking is vigorous and quite steep hills did not trouble the EV at all. I have no reason to doubt Toyota's claimed 77mph (125kph) maximum.

On descents, you get motor braking by pressing a button when in "D" range, or by shifting into "B", the equivalent of low gear.

Tall tyres help to soften the EV's ride. The weight of the low-mounted batteries

assures stable handling and power-assisted steering makes driving and parking effortless.

The petrol-engined RAV4 is more civilised than many sports-utilities, but the one I drove after the EV seemed quite crude and bumpy in its ride, with the gear lever and clutch pedals an unnecessary complication.

Many a family with two or three cars would, I am sure, find an EV an ideal replacement

for a conventional supermini used for shopping, school and other short runs. Alas, it is not on general sale, although local authorities in Japan have been able to buy it since last September and about 320 will be sold to fleets in the US next year.

The Jersey trial is only the latest and most public stage of Toyota's 25-year programme to develop a viable battery-electric car. But

while the EV's exceptional performance is due largely to its high-tech batteries, nothing was said about their cost - and this must be many times that of lead/acid or alkaline batteries, the kind used on milk floats.

Even these relatively cheap batteries bulk large in the economics of running an electric car. Replacing them when worn out after a few years could cost much more than the "fuel" - the mains electricity used nightly for battery charging. Peugeot-Citroën's answer is to make people who have its electric cars on a long lease pay a monthly hire charge to cover the cost of battery replacement.

None of which diminishes the achievement of Toyota and Panasonic. The non-polluting, near-silent EV was as enjoyable to drive as it was friendly to the environment.

It is nice to think that, one day, governments will bite the bullet and order most of the vehicles now destroying the quality of life in city centres to keep out unless they are electric. Meanwhile, for £30 a day, hundreds of Jersey visitors and residents are about to discover the delights of electric motoring for themselves.

My picnicking has got out of April in England. They're playing cricket – and **Hugo Arnold** is arming himself for open-air feasts

spices and much use of the barbecue.

May is the perfect month for English picnics, we are into asparagus time, sea trout, salmon and crab are at their best and lamb is developing character. Jersey Royals are well under way, cucumbers are cheap and if you are lucky, there is the last chance to feast on purple sprouting broccoli, a most underrated vegetable.



**BROAD BEAN AND BACON PUREE
WITH GARLIC TOASTS**
(Recipes feed six)

CHILLED ASPARAGUS AND RED-PEPPER MAYONNAISE

1.5kg asparagus; 1 red pepper; 2 egg yolks; 1 teaspoon white wine vinegar; mustard; salt and pepper; 200ml vegetable oil.

Method: Cook the asparagus in salted boiling water until just tender, drain and refresh under cold water.

Place the pepper directly on your heat source – gas or electric – and cook until black, turning frequently. Transfer to a bowl, cover with cling film and allow to sweat for five minutes. Peel under cold running water to save your fingers from burning. Place the egg yolks in a bowl along with the vinegar, a tiny pinch of mustard and a seasoning of salt and pepper. Beat well and add the oil, drop by drop initially, advancing to a slow but steady stream, whisking all the time. Finely chop half the pepper so it becomes a mush and cut the other half into thin strips. Mix all the pepper with the mayonnaise and serve in dollops with the asparagus.

**COLD BAKED SEA TROUT, TOMATO AND
MUSTARD SEED RELISH**

A cross between the best of salmon and old-fashioned river trout, one of May's real treats.

Juice and zest from three limes; 1 tablespoon black mustard seeds; 4 tablespoons yellow mustard seeds; 2kg sea trout, at room temperature; salt and pepper; extra virgin olive oil; 6 tomatoes, skinned, deseeded and cores removed.

Method: Preheat the oven to 200°C. Combine the lime juice, zest and mustard seeds and set aside, overnight if possible. Season the fish with salt and pepper and rub generously with olive oil. Wrap in foil and bake for 25 minutes. Remove and, without breaking the seal on the tin foil, allow to cool. Transfer as is to your picnic spot to ensure you keep all the juices and the flesh moist. Combine the mustard seeds, lime juice, tomatoes and enough olive oil to moisten. Season with salt and pepper and serve with the fish.

**JERSEY ROYALS, AVOCADO AND SPRING
ONION SALAD**

Two spring onions; 400g small Jersey Royals cooked; 1 ripe avocado; 4 tablespoons crème fraîche; juice of 1 lemon; salt and pepper; 1 tablespoon freshly chopped flat parsley.
Method: Finely slice the spring onion. Slice the potatoes and the avocado and combine with the spring onions in a bowl. Add the crème fraîche, lemon juice, season with salt and pepper, add the parsley and toss well.

BLUEBERRIES AND LEMON SYLLABUB

500g blueberries, washed and picked over; 100ml fino sherry; 1 tablespoon brandy; 60g caster sugar; 300ml whipping cream; zest of one lemon.
Method: Combine the sherry, brandy and sugar in a bowl and stir to dissolve the sugar. Stir in the cream and add lemon zest to taste. Whisk to a soft peak stage – it should hold its shape but beware of over whisking or you'll end up with a split mess. Chill and serve with the blueberries.

JANIS ROBINSON'S wine recommendation is a 1996 Sancerre such as Asda's Domaine de Sarry at £6.99

■ As if life were not complicated enough for those who work at CWS at the moment, their wine buyers are facing a further confusion. The Co-operative Retail Society has just gone to wine in a big way, and it turns out that the Chinian I recommended with such enthusiasm two weeks ago at its special April discount price of £2.79 is from CRS, not CWS. This means that rather than being available at the Co-op, it is sold by Co-operative Pioneer stores - and some Co-operative convenience stores.

As some compensation for this mix-up, the CRS is extending its special dis-

For inquiries and bookings for the Four Seasons/Highclere Castle Town & Country Events on July 21-27, ring 0171-499 0888 or fax 0171-493 6629. *Philippa Davenport*

Now Save the Children Week is upon us and it is hoped that healthy men and women of good conscience throughout the UK will skip lunch for one day during the week (April 27 to May 3), then dip their hands into their pockets and send to Save the Children the money they would have spent on

The night before we had witnessed a scene equally charged with menace: groups of vultures announced the presence of a festering water buffalo carcass. The killer was another lioness who was lying in the grass with her cub. She was so stuffed she must have had difficulty moving: a buffalo bull can weigh as much as a tonne and there were only the ribs, horns and two feet left. These had now become the property of four yellow-eyed hyenas who had camped round the bones ready to polish them off once we had driven away.



This can surely be no accident: the allusion to that place in Essex, notable for its lager-and-cream-liqueur-drinking, slip-on-shoe-wearing population of pony-tails, is clearly intentional. For here the spirit of the jungle is combined with fresh Cape cream to make "Amarula Wild Fruit Cream". And the stuff of wild elephants and savage lions is transformed into a tippie for pussy cats.

■ **Amarula Wild Fruit Cream is available in the UK from £11.99 a bottle.**

Stellenbosch in the Cape. It is the basis of a liqueur invented by Jack Thirion, the chief boss of the South African Distillers Corporation.

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PROPERTY

Gardening

Primrose as sweet by any other name?

Robin Lane Fox argues that ignorance of flowers is a sign of profound moral rot

This weekend, the young, intellectual, yachting returns to Oxford University to renew battle with our syllabus. Life's usual mysteries lie before us: the date of ancient Sparta's constitutional reforms, why Solon, the law-giver, visited Cyprus, and how the Greeks settled in so much of the western Mediterranean but left the Costa Brava to the Phoenicians.

There is also the matter of the primrose. Every year, I ask some of them my basic Primrose Question. It is extremely simple, not the ancient Greek word for a cowslip or the non-relation between primroses and the flowers called Colocasia mentioned by the young Virgil. The question is as follows: what does a primrose look like?

Twenty-five years ago, I happened to ask it to some highly intelligent pupils; not one of them had the slightest idea. Could they really have lived for 21 years without any notion of the queen of all our wild flowers, honoured in English poetry since the time of Herrick, and scattered on the banks of our railways like pale, scented stars, to console the commuters delayed on Net-



work SouthEast?

Year after year, the score is no higher, including graduates, trainee teachers and one very senior ancient historian who once told me he had never realised, until visiting Delphi, that the Greeks had planted their fields with so many types of tulip from Holland.

But then, the victims answered back, in the person of a composed Miss Precision, who had life, including the Primrose Question, chilled in her intellectual ice-pack. Who cares about the names, she answered, except the academics, as we all see the same flowers as you do?

No doubt you remember Turgenev's enchanting *Fathers and Sons*, the novel in which the young man of the household brings his radical, nihilist friend, Bazharov, back to stay with his father among the lilacs



Twenty-five years ago, Robin Lane Fox asked some highly intelligent pupils The Primrose Question: not one of them had the answer

The Garden Picture Library

of the deep Russian countryside during the university's summer vacation.

The father of the household is dismissed as a "superfluous person" by his young visitors from the avant-garde: he retires, as I might, to the consolation of playing his cello in his garden while his young know-alls exult in knowing nothing in his house indoors.

Perhaps it was the same in the Garden of Eden, when Adam spent day after day in naming the beasts and knowing them, and Eve, maybe, said it was a waste because they saw the same

animals, anyway. One ancient rabbi did think that the knowing might have preceded the naming and should be understood in the biblical sense of the word: when Adam made love to each beast, he then decided to name it. The hedgehog must have been something wicked.

No doubt my young Bazharovina would have taken that, too, in her stride. Of course, she told me with disdain, plant names are the tyranny of the pedant.

Those of us who grow chrysanthemums might well agree with her, now that the

botanists have re-named some of them Dendranthema. The most exquisite plant in my garden is the neglected Prophet Flower, which used to be called *Arnebia echioides* but has now been re-classified as *Arnebia pulchra*. This pedantry is annoying but if the plants had no names would we really notice so much in what we see?

Perhaps we would distinguish an anemone from a celandine but fine distinctions are enshrined in the different names of *Ribes sanguineum* and *Ribes alpinum* Aureum. Knowledge of the

different names helps me to notice the distinctions. It also helps us to buy, swap and inter-communicate. In Uganda, after Amin's atrocities, local botanical knowledge has been forgotten and plants are changing hands under names such as "Red Climber on the Corner of the Sheraton".

Names are still needed, even after anarchy, and without them we would simply notice less. I refuse to believe that Miss Precision had ever looked closely at a primrose and that her life was any less impoverished than her predecessors in my

tutorial chair. I blame videos, discos, cities, computers and parents for this utterly unhealthy state of ignorance which, of course, is a sign of profound moral rot.

What are the chances of preserving wild fritillaries if most over-educated undergrads have no idea what they are?

Or so I thought until last week when I found myself at an antique furniture auction. I know these styles, objects and periods, I told myself, as each item fetched a small fortune to bidders who were burning their latest bonus.

But could I have told you beforehand that I knew what a Girandole and a Canterbury looked like and what exactly was a gadrooned edge and a pair of turned toupie feet? After all, I see exactly the same furniture as the cataloguer and those names are so pedantic.

The difference, simply, is that ignorance of flowers is morally, profoundly shocking. It implies blindness, inertia and a decided lack of fresh air. Whoever knew a furniture salesman who spent enough of his time with mother nature in her fields?

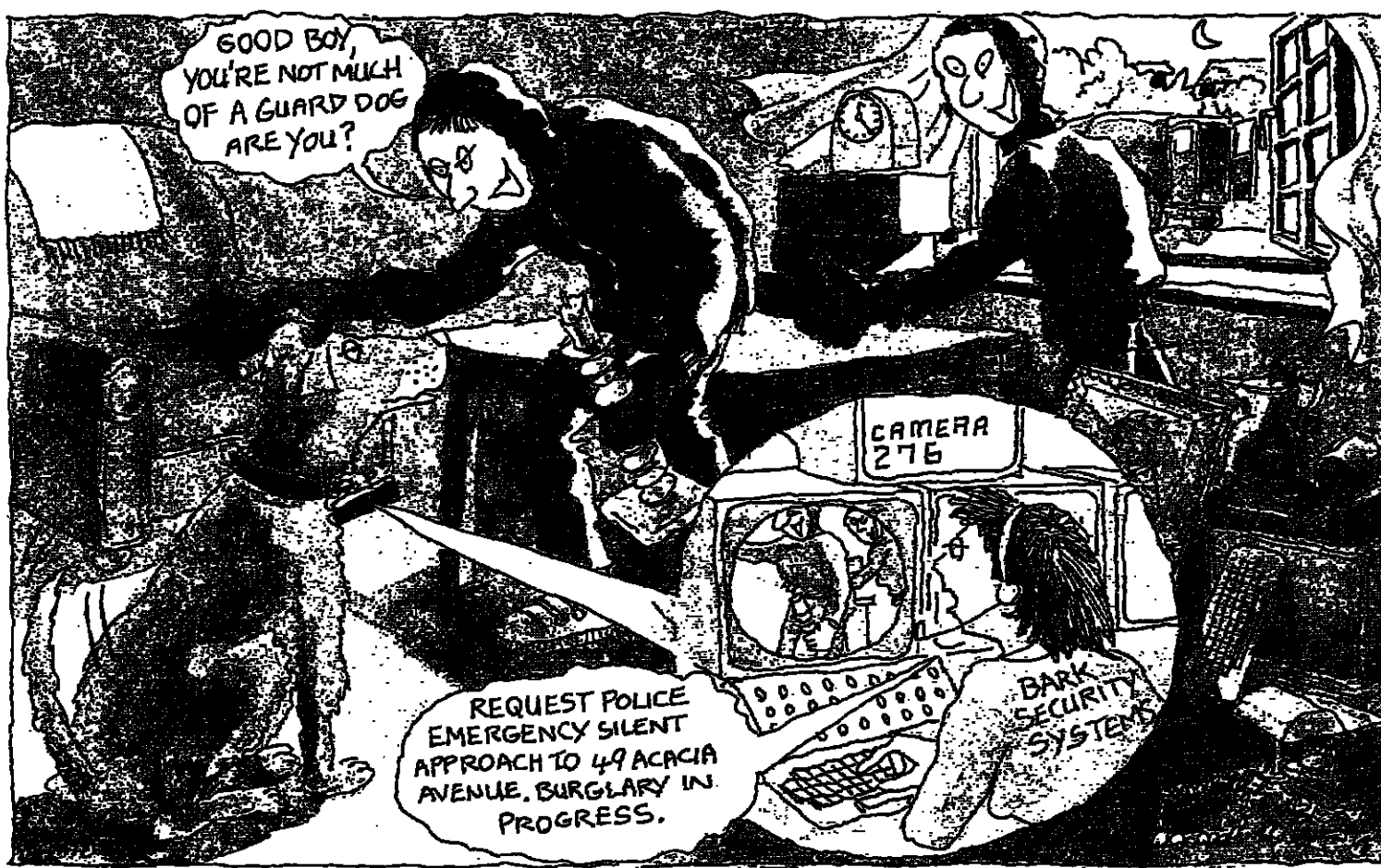
A burglar alarm in the house gives me wonderful, warm, secure feelings. It helps me sleep at night. Except for the times it keeps me awake at night.

The silent magic eyes in the corner of each of the downstairs rooms are on all-night duty. The last person up the stairs sets the alarm and we're secure for the night. If anything disturbs one of my unsleeping sentries, it will blink a red eye and tell me about it. Ear-splitting sirens inside and out will wake the household, the neighbours and the local police.

And so as my head hits the pillow, I should not be fretting. But often I am. For one of my biggest fears is that if the alarm ever went off in the middle of the night I would die instantly of a terror-induced heart attack. And if it did go off and if I didn't die, what on earth would I actually do? Storm downstairs in a nightshirt armed with a paperback novel and a teddy bear from the bedside table? Cower under the covers? Send my wife, my children even, out to see if we were under attack?

As the alarm system is linked to a monitoring station, we should receive a telephone call from the security company within seconds of it being triggered. Once contact with the outside world was established, courage would be restored and I would gladly take my teddy and investigate the cause of the hullabaloo.

It has gone off once at night, in fact, but only shortly after we had gone upstairs. It was still terrifying. Once downstairs - I admit to having shouted gruffly and absurdly as I descended in a laughable attempt to put any burglars to flight - I found the kitchen door had accidentally swung shut and trig-



At Home

Security comes from a siren

Peter Whitehead finds having an alarm in the house to be a mixed blessing

gered a magic eye. We were able to tell the monitoring station that all was well.

Other events can trigger false alarms - burning toast, a giant envelope pushed through the door, and a wafting, helium-filled Mickey Mouse balloon tied to the bottom of the stairs - to name three that we have

experienced recently.

Pets and alarms are not a good mix either. Fish, budgies, hamsters - anything confined to a cage or a bowl - are not so much of a problem. But anything allowed roaming rights around the house has the magic eyes blinking as hard as a contact lens wearer in a dust storm.

Burglars also trigger alarms. It was probably naive of us not to have an outside siren and highly visible box over the front door but we felt it would spoil the look of the house. We also felt it might signal to thieves that we had something worth stealing.

What it actually did was fool a burglar into thinking he (we presume it was a he) would have uninterrupted entry to our empty house. So the first thing he knew about our alarm was when

he prised open one of our windows, stuck a leg in and set the interior siren wailing.

This did not stop him, however. He ran upstairs into our bedroom, grabbed a jewellery box, back down-

We felt our alarm contained, even controlled, the break-in

stairs and away. We know his every move from the monitoring station's record of when each magic eye was triggered.

The alarm company called our number, got no reply

and alerted the police. Officers were there within five minutes but noticed nothing suspicious. The shed door was swinging open and there were jammy marks on two windows but we were dismissed as just another false alarm.

This meant the house was left insecure for the rest of the weekend, a window hanging loose and the alarm crippled. The burglar must have been satisfied with the virtually worthless box of trinkets he had taken and did not return.

Many people feel angry and violated by burglaries and are sent into long depressions. We felt angry. But the quick action of our all-seeing guardian made us feel that we had contained, even controlled, events in some way and steered us away from feelings of help-

lessness.

It also meant the children hardly noticed. They do notice that we have an alarm, however. They know not to go downstairs before mum or dad has gone down to turn off the alarm and often ask: "Can I go down? Is the alarm on?"

They are only aged four and two and haven't yet asked why we need an alarm at all. But they will. I could tell them it's in case we ever have a fire while we are out or asleep but they will one day know it's to keep people out too. And I fret about the effects that living in such a fortress might have on the children - with security and peace of mind coming from a siren rather than a community built on trust and decency.

Even so, I cannot imagine being without one.

On the Move

London heatwave

Anne Spackman says rises are confirmed. But will it last?

For the first time since the end of the property recession all three long-standing house price indices agree that values in London have increased by about 20 per cent in the 12 months to March. The Halifax building society puts the figure at 17.4 per cent, Savills Research puts it at 19 per cent and the Nationwide gives a figure of 21 per cent.

The strongest areas of growth, from Fulham to Clapham, have seen price rises of around 30 per cent, while prime areas such as Kensington have cooled slightly. This may partly be due to slight anxiety over the general election or it may be that the market which boomed first is slowing first.

Nevertheless, "overheated" is the word which springs to the mind of Yolande Barnes of Savills, to describe the current London market. She has upped her estimate of price rises for 1997 to 12 per cent, having seen her original figure of 7.4 per cent exceeded in the first quarter.

"Things look extremely like they did in 1987," she says. "Transactions should be down across the board before an election, but they are not. The continued shortage of property for sale may mean that even this rate of growth is exceeded, begging the question, when and how will it all stop?"

Estate agents say the number of owners asking for valuations has risen steeply, suggesting more houses will be put on the market in the coming months. Douglas and Gordon, who have seven offices in south-west London, say they have done 210 more valuations in the first three months of this

year than last. All these sellers will, of course, be buyers in turn. But it is unlikely they will all remain in London. Any significant increase in the numbers of houses for sale should ease the pressure buyers are currently under and pull the London ripple further out across the country.

If prime central London is slowing down because prices have gone as high as the market will allow, this suggests the rest of the capital will follow suit. If the Labour party wins the election and announces a budget for July that could also cause a small lull in the current heatwave.

Scotland bullish

In Scotland, where a Labour victory could mean significant political changes in the long-term, buyers in general are similarly sanguine about the general election. In Edinburgh, DTZ Debenham Thorpe reports a healthy start to the year, with new home sales strong. In Inverness, Finlayson Hughes says the strong local market is being boosted by interest from buyers in the south of England.

The most bullish sector is for good country houses with some land. One country house outside Inverness, which had been on the market for four years, suddenly sold for £50,000 over its asking price, under pressure from two London buyers.

However, one market which is unseasonably quiet at the moment is sporting estates and farms. John Bound of Finlayson Hughes says he thinks owners of those properties may be awaiting the result on Thursday before deciding whether or not to sell.

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PROPERTY



Hooked on the weekend country home

If you ask anybody how long it takes to get to their weekend house, they will give a journey time which excludes travel on Friday or Sunday evenings. If you ask how much it costs, they probably haven't worked it out. As far as most weekenders are concerned, the traffic jams and the expense, the worries about break-ins or maintenance problems, are more than compensated for by the pleasures of being there.

Weekending is on the increase. The second homes market has returned across the country this year, on the back of the buoyant housing market. What is unusual this time around is the demand for larger properties. Those who can afford it are not scaling down for the weekend.

Bidwell in Norwich reports a demand for family houses on the north Norfolk coast. In Kent, Cluttons is selling farmhouses to weekenders.

In the Cotswolds, Knight Frank has had a couple of recent sales over £750,000 to second-home buyers from London. Most surprising is the statistic from Salisbury, where Savills found that

Which is best – buying or renting a second property? Or the odd break? Anne Spackman reports

the average price paid for a second home last year was higher than the average paid for a main home.

Suffolk is a county well-supplied with large timber-frame farmhouses in the kind of rural locations weekenders want. Mark Oliver, of Savills in Ipswich, has sold two at around £275,000 as second homes this year. "It's the younger ones from London who are buying the houses," he says. "They either want the coastal area around Orford and Aldeburgh or they want countryside in east Suffolk."

"The market for the typical country cottage is only just beginning now. We are putting on a cottage in Snape with a pretty but easily maintained garden, at £150,000. That will be a good test of the market."

Sales are only part of the picture. Weekend renting has become a popular alternative, with demand vastly exceeding the right sort of supply. There are few furnished rural idylls within striking distance of London. If anything comes up it is

likely to be taken within a week – regardless of the rising prices.

Knight Frank in Oxford has two estate cottages in the thatched Cotswold village of Great Tew, which are being renovated for rental at the moment. With prices at around £1,200 a month for two bedrooms, a kitchen and a living room, they have already had tenants expressing an interest.

Annabel Barnes of Hamptons' country lettings says people are often amazed at how much they have to spend. "People expect to pick up a pretty cottage in Sussex or Hampshire for around £500 a month," she says. "In reality, they are more likely to cost £1,000 a month or more. If they are prepared to go west to Wiltshire or Gloucestershire they may get something a little cheaper. The real problem is finding somewhere which satisfies their criteria."

Those who either cannot afford or do not want to commit to a permanent second home are renting weekend cottages through agencies. The holiday homes

business is said to be worth £2bn a year.

So which is the best way for city-dwellers to get a weekly dose of fresh air and green space? I asked a second home owner, a renter and a weekend breaker

'We arrived early to find our cleaner entertaining someone in our bedroom'

about the pros and cons of their chosen method.

■ THE OWNER: Patrick Trelawney has a weekend house on the Hampshire/Wiltshire borders.

"Having a country house is a bit like having children: the ability to forgive the bad sides because you are so in love with the good sides is extraordinary."

"My wife and children battle with 800 trillion other people for

three hours to get there on a Friday and we all do the same on the way back."

"You simply haemorrhage money – it's better not to work out what it costs. There's the maintenance, the telephone bill and paying to have the grass cut. We once arrived unexpectedly early one Friday to find our cleaner entertaining someone in our bedroom."

"But the joy of being there is immense. The space, the lack of stress, the way the pace of life slows down. If you have children it is so wonderful to be able to park them in 15 acres of countryside at the weekend rather than 15ft of back garden in Fulham."

■ THE RENTER: Sarah Lander and her family share a Shropshire farmhouse with three other families.

"Having the house has made a fantastic difference to our lives. Swapping an urban life where your children cannot go out of the front door without you because of the traffic, to one where they can wander off through an orchard is wonderful."

"We all meet up to allot weekends and air any grievances. We each get one weekend a month, plus a half-term and two weeks in the summer. We wouldn't want to go away every weekend. It costs us £2,500 a year plus a share of the bills. Owning or renting a whole house would be impossible because of the cost."

"We leave all our things there, so we don't have a major pack every time. There is a huge larder in which everyone has their own shelf, yet it still feels like your own place. There is also a cleaner which is a big bonus."

"I suspect we will see more of our London friends out there than we do at home. You have a much more relaxed time together. The key thing is that we all get on very well. Everyone is committed to making it work."

■ THE WEEKEND BREAKER: Alison Bodycombe and her husband rent cottages in the country or by the sea for two weeks and several weekends a year.

"We looked to rent a cottage with another couple for a year, but the right place never came

up. We wanted somewhere with in two hours of London, with a view and a feeling of space, where you could walk straight from the front door into countryside. Nothing was ideal enough."

"I grew up in the country. Though I love living in London I need the space and the feeling of the wind in my hair. We both have quite stressful jobs. We definitely need to get out sometimes."

"We tend to go to Norfolk or Cornwall for the sea and the Lake District or Wales for the hills. Doing it this way, we have the choice. We don't mind driving a long way if necessary and we are pretty flexible about leaving times."

"It's quite exciting setting off to a new area. It makes it feel more like a holiday or a treat than it would if it was our home. But the idea of having your own place and starting to make a base – even in a small weekend way – is still quite appealing. We had a couple of lovely weekends in the country last winter and the idea resurfaced. If we did it, we would definitely rent first, just to see if packing up the car on a Friday night really got to us."

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SPORT

Sporting Profile

Master of the pitch, linguist, Dutch hero . . .

Johan Cruyff, possibly Europe's best ever footballer, still pulls the crowds, finds Henk Spaan

A few days ago a portrait of Johan Cruyff was unveiled in the Amsterdam Arena. Ajax's futuristic stadium with its less than fertile pitch.

The great footballer was there, unruffled by the eight television crews surrounding him. Cruyff was 30 years old yesterday and has been the most famous Dutchman for three decades. But his personality has been quite unaffected by the furor he creates in others.

After the unveiling he gave me a lift back into town. Three hours later he was to analyse the Champions League match between Ajax and Juventus for Dutch television. During the ride, constantly watching me instead of the traffic, he enthusiastically explained the only way Ajax could beat the Italian champions. Unfortunately he no longer coaches Ajax. The team lost.

Cruyff drove through a red light. He has a theory that he has a right to do this, as he believes the traffic lights in Amsterdam are positioned wrongly. But this time he was in a hurry, racing home to change into shorts and soccer boots. He had a date with friends to play a game somewhere among the trees in a public garden in the heart of Amsterdam. "Nothing beats soccer," he assured me.

Cruyff was arguably the greatest European footballer ever. He won rows of trophies with Ajax and Barcelona, and led Holland to the 1974 World Cup final, which the country lost to its hated neighbour West Germany.

Cruyff created the Dutch footballing tradition. But as well as being a great footballer and thinker on the game, he is a most unusual man.

The entire Dutch nation has celebrated his birthday with him, which already seems to have overshadowed next week's Queen's Day, traditionally the main Dutch holiday.

Six books have been published on him recently, every major newspaper has published a special "Cruyff Supplement", and the weekly tabloid *Panorama* has dedicated more than 100 pages to him. Hard Grass, a literary magazine solely devoted to football, cannot produce enough of its latest

Cruyff's contorted aphorisms rival those of Yogi Berra, the baseball legend

issue with a rare picture of Cruyff smiling on the cover.

Yet Cruyff hardly seems to care. He is very much the same man who grew up in a humble home in the "Red Village" in the east of Amsterdam.

The house, fortuitously, lay a few hundred yards from the Ajax stadium. As a 10-year-old boy, Cruyff was already totally at ease in the club's dressing room among the stars of the first team - he used to advise them on how to improve their game.

Being born in a socialist housing project helped turn him into a typical 1960s role model. Cruyff was a rebel. He was the first player to refuse the fatherly guidance of his club president: he wanted good money for his skills and he was prepared to fight for it. He also fought

a revolution against the Dutch football association, which let footballers play in international matches without insurance.

But he was never like his fellow Amsterdam baby boomers, the long haired "provos", who in the late 1960s and early 1970s offered raisins to traffic policemen and attacked authority for the sake of it. Cruyff's struggle was for real. His influence in shaping an egalitarian Dutch society was perhaps greater than that of the student revolution.

Throughout his career, Cruyff has been someone the Dutch public listens to attentively. Cruyff is fluent in several languages, and considers himself a supreme logician, but his use of Dutch is a subject for writers and linguists.

Cruyff's contorted aphorisms rival those of Yogi Berra, the baseball legend who created phrases such as "It ain't ever till it's over" and "I had that same déjà vu feeling all over again".

Cruyff started to compete with Berra very early in his career when he said "I can't be the thief of my own wallet". He silenced the nation by arguing, "If things are not working then they don't work." On his famous speed of thought, he said "if they time normally with me, they are always just too late", and "before I make a mistake, I refrain from doing so".

He left school at 12, and repeated for years that the crime novel *Knock on Any Door* was the only book he had ever read. Yet most journalists who interviewed him came away feeling slightly dizzy.

When one asked him if he thought Real Madrid, the indebted Spanish football club, would go bankrupt, Cruyff replied: "Can you imagine a Spanish league

without Real Madrid?"

"No," said the journalist.

"Then I think the problem has been solved," said Cruyff.

Money has been a key subject in his life. He had yet to win his first European Cup when he said: "After my career is over, I can't go to the bakery and say,

"Baker, I'm Cruyff, give me bread."

The first time I met him,

in his adopted hometown of Barcelona nearly 30 years

ago, he greeted me with the words "give me a cigarette,

please". He explained his reputation as a miser to the full. It became one of his trademarks, but it was

unjustified. The Johan Cruyff Foundation, for

instance, gives to all sorts of children's causes.

Today, after a heart

bypass operation, Cruyff no longer cadges cigarettes.

Instead he has started to eat

candy - the candy business in Barcelona has boomed as

a result.

After 10 years of

managing Ajax and then Barcelona, he has stopped

working for the first time

since he was 15 and finds he

rather enjoys it. He lives

with his wife Danny in

Barcelona, and drives his

motorcycle through the

city visiting his two

daughters. His son, Jordi,

plays for Manchester

United.

The best place to find him

in Amsterdam today is in

the park, roller skating

among 14-year-olds who

wear their baseball caps

backwards and who take

their slight, worn

companion for just another

ageing hippie.



There are some people for whom the legendary Manchester United football star, Eric Cantona, is God; others may be more inclined to crucify him. Last week both parties got a chance to have their say when a huge canvas was unveiled, depicting the less than saintly Cantona as Jesus Christ.

"The Art of the Game", by young Manchester artist Robert Browne, (based on two Renaissance works, Piero della Francesca's "The Resurrection" and Andrea Mantegna's "Julius Caesar on his Triumphal Chariot") shows Cantona as the resurrected Christ, stepping bare-chested from the tomb, mercifully sans stigmata, eyes fixed sternly on the future. Behind him, depicted as Julius Caesar crowned with laurels, sits Alex Ferguson, manager of Manchester United. Cantona's team-mates are shown as Roman soldiers, relaxing at his feet.

Predictably, the painting caused outrage in some quarters. "Both offensive and blasphemous," spluttered the Rev David Holloway, founder of Reform, a fundamentalist group. "A bit of a cheek," grumbled another cleric. "There is no way this painting is blasphemous," declared manager Ferguson. "I think it shows the part that footballers play in people's lives in modern times. They are people's heroes." The artist pointed out that the painting is intended to be tongue in cheek: "It reflects street humour - the kind of humour the fans have," Cantona himself let his

actions speak louder than words. He has purchased the painting for a sum reputed to be between £50,000 and £100,000.

"The Art of the Game" was bound to please the fans and shock the clerics. But is it art? The art establishment maintained a disdainful silence.

Sport seems to be infiltrating every aspect of life. We have sporting symphonies, sporting literature and sporting auctions; but the final frontier must surely be fine art. Last year, in the wake of Euro 96, there was a flurry of exhibitions of sports art, from "Offside!" in the home of football, Manchester, to "Football" in the home of fine art, London's Cork Street. Many more are promised, starting with the "Art of Boxing" this June at the Turnhalle, a Victorian-era gymnasium behind King's Cross in central London. Recent exhibitions have cast up a variety of floats and jetsam: a pair of vertiginous Vivienne Westwood shoes fitted with football studs, for example; an epic painting of the ubiquitous Cantona in Socialist Realist style; Peter Blake's 1991 "F is for Football" from his artistic alphabet; a bronze cast taken from life of "Prince" Naseem Hamed, iconic British boxer and world featherweight champion; and several 19th century prints, including one by Isaac Cruikshank and



'Gillespie Road', 1997, by Peter Howson. "I've always wanted to make my art non-elitist and for the people"

a Japanese woodblock print of kemari, ancient court football.

Art and sport make strange bedfellows. One problem is that much sporting art is plain bad. The term conjures up images of 19th century racing prints or portraits of sporting heroes painted by enthusiasts which barely qualify as art. Artist Justin Mortimer says: "People will only engage in sports art on the first level of signification" - in other words, the punter is liable to pay considerably more attention to the subject of the painting than the art

per se. Mortimer paints portraits, ranging from football heroes

such as Arsenal's Ian Wright to the Queen, a recent commission.

Simon Patterson's "The Great Bear", a subverted map of the London Underground system,

was in the running last year for Britain's premier art award, the Turner Prize. He says "any subject is just a subject, it's just material". A few years earlier he

had the joyous realisation that there were the same number of people present at the Last Supper

as in a football team. If you

included the reserves. The result

was two works laying out the

apostles in strategic football for-

mations, each with Christ in

goal. One has St Peter and Judas

in reserve, the other St James the

Less and St James the Greater.

"Anything to do with sport has

to have a certain degree of wit,"

says Mark Wallinger, shortlisted

for the Turner in 1996, the year it

was won by Damien Hirst and his

formaldehyde-pickled cow in a

tank. "You need a bit of wit to be

a life-long West Ham supporter,

something's got to get you

through. Whereas people like their artists to be very serious. There's a hierarchy of subject matter. It's got to be something that looks pleasingly monumental and important."

Wallinger is one artist who has consistently taken sport as his theme. "I did a football piece in 1987 called 'They Think It's All Over It Is Now'. At the time I was virtually alone in dealing with sports, at least among artists in this country." He describes the piece as a large sarcophagus cum plinth topped with a Subbuteo model football pitch, with the tiny players arranged as at the moment of the victorious British goal in the 1966 World Cup Final. "It was a memorial to the last time that patriotism seemed to be wholly innocent."

Wallinger's primary passion, horseracing, reached its apotheosis famously with the purchase of a horse which he named "A Real Work Of Art". After she was injured in one of her first races, he decided that he had made his point as far as sport was concerned. His new work deals with the monumental subject of God (though with no less wit).

The critics' response to exhibitions of sports art tends to be either patronising or disdainful; one art critic refused to attend an exhibition and sent the sports editor along instead. The public,

however, likes it. "It crosses the divide," says Justin Mortimer. "It makes art accessible."

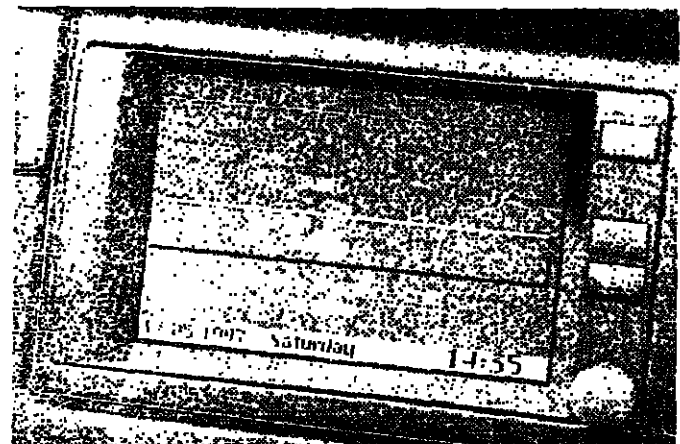
Peter Howson, one of Britain's most celebrated artists, is working on a set of football paintings, having completed a two-year stint as official war artist in Bosnia. Why football, of all things, after Bosnia?

"I've always wanted to make my art non-elitist and for the people," he says. "I've always intentionally made my painting not too abstract or too conceptual. Football has generally been recognised as the art of the people, so that makes it the perfect subject."

Paintings such as "The Glorious Game", a tangled mass of arms and legs battling for a ball, are a long way from the traditional notion of sporting art. "It's very easy to make a football painting like an illustration," says Howson. "It's difficult to make it into art."

As sport becomes gentrified, maybe it is time for sports art to come in from the cold. "I hope my paintings will pull in football supporters to look at them," says Howson.

"The Art of the Game" is currently showing at Manchester City Art Galleries. The Art of Boxing is at the Art Depot, Turnhall, 26 Pancras Road, London NW1 from June 13-18. Mark Wallinger's work shows at the Anthony Reynolds Gallery, 5 Dering Street, London W1. Peter Howson's exhibition of new work is at Flowers East, Richmond Road, London E8 until May 18.



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The Ultimate Driving Machine

EDUCATION

The summer school is set to become the fashionable form of learning in the new millennium.

Job insecurity and the need to acquire "employability skills" - "upskilling" is as familiar on the shop floor as in the boardroom - has already forced thousands of workers to develop the taste for summertime study.

If Labour wins the general election, this trend is likely to continue, since it has pledged to "kick start" the idea of individual learning accounts with £150m of Training and Enterprise Council money. With this, a million people would receive £150 and the chance to embark on a course of their choice.

Tony Blair, the party's leader, has also pledged to set up literacy-based summer schools across the country so that primary school children can have extra lessons in reading and writing. If these go ahead, it would mean a generation of children growing up used to whiling away the lazy summer months by undertaking some form of recreational study.

This is likely to put a spring in the step of the summer school industry. But there is already an enormous choice of courses on offer, ranging from "agroforestry for sustainable land use" (Wye College, London) to "yoga for busy people" (Weald College, Middlesex). The cost also varies to suit all pockets, from just a few pounds for day courses to well over £1,000 for summer-long residential courses.

Fee-paying schools have a long-established tradition of running summer schools, offering residential courses in pleasant rural surroundings. One is Millfield School in Somerset.

This year, the famous boarding school is offering courses in "dowsing and divining", "Egyptian Oriental Dance" and "cottage garden embroidery" as well as the usual fare of "graphology", "hammock making" and "trout fishing".

For the athletic, there is a swimming course in the Olympic-size pool or an intensive five-day "Balletti" tennis course which uses the method devised by Andre Agassi's coach.



The V&A runs a 'History of the visual arts in the West' course, tailor-made for 'enthusiastic beginners'

Universal Pictorial Press & Agency



Cambridge's grandest Trinity College offers a three-week 'medieval studies summer school' for £245

Where leisure and learning meet

Simon Targett reports on the rigours - or otherwise - of attending a summer school

In all, around 40 independent schools run summer schools, according to the Independent School Information Service, which publishes a brochure of courses. Again, if Labour wins the election, more are likely to open their facilities to the general public, since David Blunkett, shadow education secretary, has warned that wealthy private schools will have to earn their charitable status by forming partnerships with the local community.

Specialist colleges and museums are increasingly putting on summer courses, especially in art and drama. The V&A, the national museum of art and design, runs a month-long "History of the visual arts in the West" which is tailor-made for "enthusiastic beginners". There are also art-oriented summer schools at Central Saint Martins, the Slade

School of Fine Art and the Roehampton Institute in London.

Meanwhile, for actors and directors, there is the "Shakespeare Workshop" offered by the London Academy of Music and Dramatic Art. It runs from July 21 to August 15 and costs £1,612 (£1,250 without accommodation).

With over 300 applications for around 30 places, it is highly competitive, but successful students are rewarded with a taste of conservatoire training by the Lamda faculty, and occasionally stars such as Timothy West and Janet Suzman pop in to give master classes.

Many universities have extra-mural departments which organise summer residential programmes. Cambridge University is offering more than 60 different courses at Madingley Hall, giving all those "aged from

18 to 80 plus" a chance to "experience life as a Cambridge student".

For £245, a student can stay in Trinity, Cambridge's grandest college, and enrol on the three-week "medieval

Stars such as Timothy West and Janet Suzman pop in to give classes

studies summer school". That would mean studying medieval illuminated manuscripts, or old Norse literature, or war and chivalry - all tutored by Oxbridge dons or professors from other top universities. There are similar college-based summer schools in history, Shake-

spears, English literature and art history.

Anyone wanting to polish up a language before a trip abroad can try one of the official national government-run institutes: for French, there is the Institut Francais; for German, there is the Goethe Institut; and for Spanish, there is the Instituto Cervantes. A two-week intensive course at the Goethe Institut runs during July and August, totals 60 lessons and costs £233.

There are also a myriad of off-beat idiosyncratic courses, such as the £180 one-week course in sculpture run by the Portland Sculpture Trust. Working in the disused Tout Quarry on the Isle of Portland, students work the famous stone which has been used for many of London's key City sites, including St Paul's cathedral.

Guided by a skilled mason,

students hammer and chisel figurative or abstract pieces and, at the end of the week, are free to take their prized stone carving home.

Alternatively, there are the exotic educational summer cruises, where "students", if that is the right word, tour historic locations accompanied by distinguished, and sometimes famous, guest lecturers.

For instance, for £1,790, Swan Hellenic Cruises offers an 11-day trip around the Aegean, with star lecturers including Malcolm Bradbury, the author and literary scholar, and the Rt Rev Jim Thompson, bishop of Bath and Wells.

This might sound rather relaxed. But, like the standard "courses", it mixes learning and leisure, and that is the essence of any summer school. It is not supposed to be a busman's holiday.



Malcolm Bradbury: star lecturer on an Aegean cruise

Cameras

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Weekend Investor

Wall Street

Wobbling away from lazy afternoons

John Authers still finds it difficult to get too excited about the latest rallies

Lazy afternoons are a thing of the past on Wall Street. Equities have been on an exciting and unpredictable drive in the last few weeks, with each day seeming to bring a market totally changed from the day before.

Since mid-March, the market has wobbled in exciting fashion, with the Dow Jones Industrial Average recording the greatest daily gains and losses of the decade. Three-figure falls have been recorded four times since March 13, when the market fell 180 points. As recently as March 11 it fell 148.36.

The same period also saw three daily rises of more than 100 points, including a gain of 173.89 on Tuesday this week – the biggest rally of the 1990s, falling short only of gains made in the immediate aftermath of the "Black Monday" crash of 1987. Tuesday's gain of 2.6 per cent, was the biggest in percentage terms since 1991.

So while the most closely watched indices are not dramatically different from their levels of mid-March, there has been a marked change in behaviour – volatility has increased, with the market frequently changing direction in mid-session. And the greatest movements have been recorded in late afternoon trading rather than in the first few minutes after the opening bell as is customary.

Share prices usually move most early in the morning, because companies and government statistical agencies release new information before the market opens. Marketmakers mark prices down or up in response to information, so that big shifts take place with comparatively little buying or selling to push them.

But Tuesday saw no significant new economic information. While several companies published results which were ahead of expectation, they could not, in their own right, explain the dramatic rally that followed. Instead, computer-driven programme trades must take the credit.

Programme trades typically wait for a given price trigger before coming into effect. If this has not been reached by mid-afternoon, traders often decide to go ahead anyway. Hence these trades, and the dramatic

Contradictory signals from the market

S&P Composite Price Earnings Ratio

30-year benchmark bond yield (%)

Source: Datastream

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London

Prices tell the voting story

Ross Tieman goes in search of stock answers

It begins slowly, as these things do. A little optimism spreads, like the first light of dawn. A general relief that the political campaigning is almost over further lightens the gloom.

Then the speculators chime in, unable to resist a punt on the outcome. A pre-election rally ensues.

It has happened before – in 11 of the past 13 elections. Analysis by stock market historian David Schwartz shows that only twice since 1950 has the stock market failed to pick up in the five days up to and including election day.

These are not big rallies, mind you. The strongest was in February 1974 when the All-Share index added 3.94 per cent before voters elected a hung parliament. But two factors stand out.

First, the market invariably has risen ahead of the election of a Conservative government. Second, the two

occasions when it fell ahead of the result occurred when Labour achieved its largest numbers of MPs elected.

The biggest fall, of 1.37 per cent, occurred in 1965 just before Labour secured a 48-seat majority, its largest since 1950. In October 1974, the fall was just 0.52 per cent, and the majority was just two.

So, if past trends are repeated, a fall in the market over the next four days will signal the impending election of a Labour government. The more prices fall, the larger the Labour majority is likely to be.

A glance back at the eight trading sessions immediately preceding this rough-and-ready indicator shows an unbroken rally, with the FTSE up 78 points to close on Thursday at 4388.5. If that upward trend resumes after Friday's 18.8 fall then the Conservatives might be on course for a surprise victory.

Historically, the market

tends to fall after a Labour victory and rally after a Tory triumph. But, as the figures show, the movements are often quite modest.

The real knee-jerk reactions occur not in response to the victor's politics but when the election outcome is unexpected.

The biggest fall, of 10.9 per cent, followed the return of a hung parliament in 1974. The biggest rally, of 8.98 per cent, succeeded John Major's unexpected victory in 1992 over Labour, then led by Neil Kinnock.

Investors who want to turn a profit on the outcome should be wary. Often, the move over the 10-day period bracketing the election is modest. Equally important, it is often in line with some pre-established trend. The Conservatives' victories under Margaret Thatcher, for instance, all came during an exceptionally strong and prolonged bull market led by



Optimism spreads like dawn's early light

economic growth in the US.

Is that the situation today? Clearly, not. Between now and the year's end, the election outcome is only the first in a series of hurdles the market must overcome.

A report from the International Monetary Fund this week argued that the UK economy is in danger of overheating and urgently needs higher interest rates, or higher taxes, or both, to slow the pace of expansion.

The case is confirmed in part by the quarterly industrial trends survey conducted by the Confederation of British Industry. This predicted a strong upswing in both demand and output in response to domestic growth, despite softer demand from export markets caused by the strength of sterling.

"History shows chancellors [of the exchequer] always put off raising interest rates before an election," says Schwartz. "In their place, I would do the same."

Most brokers expect base rates to rise from their present level of 6 per cent to around 6.75 by December. The first rise is likely soon after the election, no matter who wins. And taxes on companies probably will rise, too, particularly if Labour comes to power.

There also are signs, however, that the recovery is reaching a more mature phase in which other constraints start to slow the pace of growth.

Economists fret about a rise in general inflation from its present modest levels as

a result. But strategists are starting to focus upon the impact the changing nature of the recovery will have upon company profits.

Unemployment in the UK fell to 6.1 per cent in March. Average earnings now are rising by 5 per cent a year. In a recent note, Richard Kersley, strategist at broker BZW, argued that strong sterling is constraining the prices companies can charge, while their opportunities for productivity gains are diminishing.

In the early years of recovery, companies were able to capture most of the benefit from improving volumes and productivity as profit. But from now on, he suggested, higher wages will have to come out of operating profits, reducing the earnings left for shareholders.

For some of the go-go stocks of the past few years, the effect would be terrifying. Analysis of the FTSE 350 suggests the general industrial and service sectors are the most sensitive to the effect of higher wages.

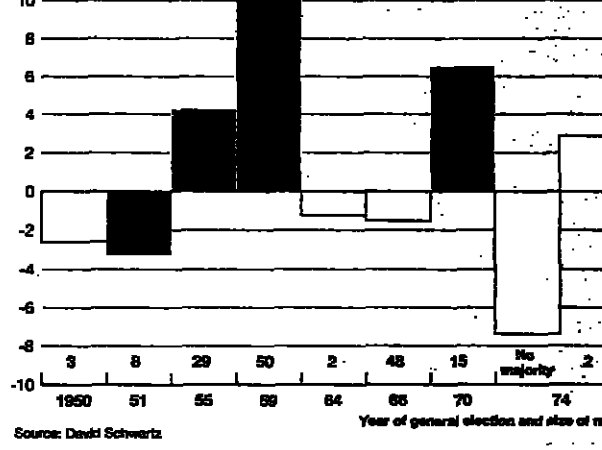
But the findings are remarkably stock-specific. According to the data, services companies would see profit falls of up to 60 per cent, insurance brokers 50 per cent, and retailers up to 30 per cent.

Now, that is a good deal more material to the market than any polling day rally or plunge. The real political question is how the election victor will handle the economic issues gathering in its in-tray.

And that will not become clear for months.

Electoral surprises cause biggest swings

Market reaction (percentage change from five days before the election to five days after the election)



Source: David Schwartz

Highlights of the week

	Price	Change	52 week	52 week
	y/day	on week	High	Low
FTSE 100 Index	4388.7	+59.2	4444.3	3612.6
Ashley (Laura)	108	-32%	220%	96%
Bank of Scotland	352%	+27	373%	227%
Barclays	1088%	+78%	122%	728%
Bentalls	140	-12%	143%	96
DFS Furniture	552%	-32	586	381
Flying Flowers	317%	-32%	328%	133
Hays	561	-42	578%	372%
Molins	652%	-52%	103%	56%
Rockitt & Colman	837%	-37	849	690
Schroders NV	136%	-47%	1577%	953
SmithKline Beecham	944%	+40%	960%	645%
TI Group	526%	-29	594%	45%
Unilever	1623%	-45	1657%	1192
Vickers	207	-21%	300%	190%

Barry Riley

Pitfalls from windfalls

The influx of new wealth will prove ill-timed



This year's wave of demutualisation windfalls brings echoes of the late 1980s' privatisations which helped to fuel the last consumer boom and encapsulate the get-rich-quick philosophy of Thatcherite "popular capitalism" at its peak. Alliances & Leicester's listing this week provided a familiar spectacle of small investors cashing in unexpectedly big gains while the big investment institutions were scrambling to gain exposure amid takeover speculation.

But, although there are some parallels with the larger privatisation giveaways, the 1997 windfalls are much bigger. Judging by the unexpectedly high A & L share price, the four building society listings will be worth more than £20bn. Adding Norwich Union, and the cash being paid in the takeovers of Bristol & West and Scottish Amicable, gives a possible grand total of £25bn.

The government has shown little reaction to the windfall bonanza although it is equivalent in economic terms to stuffing £1,000 through every letterbox in the country. Naturally, it is seen by the Conservative party mainly as a source of voter contentment – although frustratingly for the Tories, the vast bulk of the hand-outs will be received after the election. Certainly, the taxable potential has been ignored. Indeed, the windfalls will bring the Treasury no direct revenue at all because

they do not count as income and, in most cases, will fall well within the personal capital gains tax allowance of £8,500. If CGT is a problem, the shares can be washed through a personal equity plan, at which point they will be valued for tax purposes at cost – which is nil.

Arguably, in fact, that is precisely what they are worth if you do the accounting properly. After all, windfalls in my

Economists, however, are puzzling over the likely rate of disposal. They had been expecting a fairly slow pace, on the precedent of Abbey National back in 1989, but the 27 per cent instant sell-out ratio at A&L was surprisingly high.

Perhaps the £1,000-plus bait (£1,300, as it turned out) was much more tempting than the £140 morsel offered by Abbey National. Perhaps, too, A & L's

controversial flat rate hand-out, being more generous to poorer members, will be sold more readily than the graduated windfalls at, for instance, Halifax, where wealthier savers will get more.

These hand-outs will bring the Treasury no direct revenue at all

garden are usually bruised, maggoty, and liable to go rotten. I would much prefer that they stayed on the tree and ripened properly. But, if they fall over my neighbour's fence, he might indeed view them as a free gift.

Demutualisation windfalls are, similarly, a kind of borrowing from the future harvest. The £25bn is being paid by stock market investors and corporate purchasers for a stream of future dividends and profits. Such payments will be financed by worsening the terms under which financial services are sold to future customers. But those who get today's windfalls may not be the same people who pay the price tomorrow.

Many windfallers will retain the shares, at least for a while. Their dividends will compensate them for the wider margins of the financial institutions.

Whatever happens, the influx of new wealth will prove ill-timed, coming when the consumer economy already is heating up. Retail sales recently have been rising at 4 per cent year-on-year. If just a fifth of the windfall bonanza, or £5bn, is spent, it would represent another 1 per cent of annual consumer spending. It might well not be spent in the ordinary shops, however. More likely, the average £1,500 windfalls will be devoted to special, lumpy items such as holidays or home improvements.

All the same, we have not seen a consumer upturn like this since the late 1980s.

Fortunately, the personal sector saving ratio remains historically high, at 12 per cent, and there is no sign of the home equity withdrawal (people taking out bigger mortgages on their property) that fanned the flames of the last inflationary boom.

But the house market is bursting back to life, and there is a danger that things could start to get out of hand later this year. The windfalls could accelerate interest rate rises.

So much for the economic risks, but what about the personal interests of windfallers? Should they indeed take the cash and run?

For the time being, the share prices of banks are subject to a squeeze as the big institutional investors seek to build their holdings. They will, inevitably, remain short of their target holdings in such as Halifax and Woolwich. But, by the time the final flotation of the present series takes place – Northern Rock's in October – retail banks will represent 15 per cent of the UK stock market.

That is an indication of how lopsided the economy has become. Battered industrials are fading from the blue-chip lists, as ICI reminded us this week when reporting first-quarter profits down by two-thirds. In due course, though, the pendulum will swing back, perhaps encouraged by a Labour government. Don't rush to sell, but the bull market in retail banking stocks is unsustainable for long. Remember, windfalls don't keep.

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Offshore managed funds and UK managed funds are listed in Section One

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT

Amsterdam Arena Tel: 31-20-3111333
 ● Luciano Pavarotti: performance by the tenor accompanied by Il Novocento, conducted by Leone Magiera. The programme includes works by Verdi, Puccini, Mascagni and Donizetti; Apr 30
 Concertgebouw Tel: 31-20-6718345
 ● Andras Schiff: the pianist performs works by Schubert; May 2

OPERA

Het Muziektheater Tel: 31-20-5518117
 ● Il Re Pastore: by Mozart. Conducted by Graeme Jenkins, performed by De Nederlandse Opera; Apr 30; May 2

EXHIBITION

Van Gogh Museum Tel: 31-20-5705200
 ● Vienna 1900: Portrait and interior: exhibition featuring paintings and applied art from Vienna, spanning the years 1870-1918. Highlights include works by members of the Wiener Secession movement, and portraits by the Expressionist artists Egon Schiele and Oskar Kokoschka. The display also examines the work of the design institute Wiener Werkstätte, featuring furniture by Josef Hoffmann, silver objects by Kolo Moser and designs for the Viennese Art Nouveau magazine "Ver Sacrum"; to Jun 15

BARCELONA

EXHIBITION

Museu Picasso Tel: 34-3-3196310
 ● André Derain 1904-1912: display of 60 works by the French artist, concentrating on the years 1904-1912, when Derain established a lasting friendship with Picasso, the two artists becoming major influences on each others' work; to Jun 29
 Fundació la Caixa Tel: 34-3-4588907
 ● Sophie Calle: display of work by the photographer who uses aspects of surveillance and voyeurism in her work; to Apr 27
 Fundació Joan Miró Tel: 34-3-3291908
 ● Peter Greenaway: Flying over water. The Icarus Adventure: Installation in 30 parts examining the Icarus legend from a variety of perspectives; to 25 May

BERLIN

CONCERT

Konzertsaal Berlin Tel: 49-30-203090
 ● Berliner Sinfonie-Orchester, with conductor Roland Kuttig and pianist Gerhard Oppitz in works by Holliger, Schumann and Stravinsky; May 2
 Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614383
 ● Deutsches Symphonie-Orchester Berlin: with conductor Vladimir Ashkenazy, violinist Christian Tetzlaff, soprano Sibylla Rubens and the RIAS-Kammerchor in works by Ruzicka and Mahler; Apr 30

OPERA

Deutsche Oper Berlin Tel: 49-30-3438401
 ● Tosca: by Puccini. Conducted by Stefan Soltesz; May 2

POP MUSIC

Deutschlandhalle Berlin Tel: 49-30-30380
 ● The Who; Apr 29
 Tempodrom Tel: 49-30-394-4045
 ● Johnny Cash; Apr 28, 29

EXHIBITION

Alte Nationalgalerie Tel: 49-30-209050
 ● Adolph Menzel (1815-1905): Between Romanticism and Impressionism: retrospective exhibition featuring 130 paintings, drawings, pastels and watercolours by Menzel, one of the leading German artists in the second half of the 19th century; to May 19

BIRMINGHAM

CONCERT

Symphony Hall Tel: 44-121-2002000
 ● City of Birmingham Symphony Orchestra: with conductor Sir Simon Rattle, soprano Joan Rodgers, contralto Catherine Robbin, tenor Ian Bostridge and the City of Birmingham Symphony Chorus, in works by Delius, Schumann and Britten; May 1

BOLOGNA

CONCERT

Teatro Comunale di Bologna Tel: 39-51-529901
 ● Orchestra della Toscana: with conductor Adam Fischer and violinist Vadim Repin in works by Brahms and Beethoven; Apr 28

BONN

OPERA

Oper der Stadt Bonn Tel: 49-228-7281
 ● Parsifal: by Wagner. Conducted by Jeffrey Tate, performed by the Orchester der Beethovenhalle Bonn; May 3

BRUSSELS

CONCERT

Palais des Beaux-Arts Tel: 32-2-5078200
 ● Orchestre National de Belgique: with conductor Yuri Simonov and pianist Mikhail Petukhov in works by Stravinsky, Balakirev and Rachmaninov; May 2
 Théâtre Royal de la Monnaie Tel: 32-2-2291200
 ● Sergey Leiferkus: performance by the baritone accompanied by the pianist Semyon Skopin. The programme includes works by Rachmaninov and Tchaikovsky; May 3



Vladimir Bogachov and Kallen Esperian sing the roles of Otello and Desdemona in the Royal Opera House's production of Verdi's opera, now showing in London

Alonso Mar

EXHIBITION

Musées royaux des Beaux-Arts de Belgique - Musée d'Art Ancien Tel: 32-2-5083211
 ● Paul Delvaux: thematically organised retrospective devoted to the work of the Belgian artist featuring approximately 120 paintings and 130 works on paper from international collections. Also on display are a number of letters, photographs, souvenirs and other documents, including 21 of Delvaux's sketch books; to Jul 27

CAMBRIDGE

EXHIBITION

Fitzwilliam Museum Tel: 44-1223-332900
 ● Shakespeare and the Eighteenth Century: exhibition examining the interpretation of Shakespeare by visual artists in the 18th century. On display are drawings and prints by artists including Romney, Blake and Barry alongside portraits of actors, authors and composers associated with the playwright's work; from Apr 22 to Jun 29

CHICAGO

EXHIBITION

Art Institute of Chicago Tel: 1-312-4433600
 ● Charles Rennie Mackintosh: billed as the most comprehensive show of Mackintosh's work ever mounted, this exhibition features over 200 objects, including architectural drawings, room settings, furniture, decorative arts, models, watercolours and reconstructions of interiors; to Jun 22
 ● Michelangelo and His Influence: Drawings from Windsor Castle: exhibition examining examples of Michelangelo's draftsmanship with the aim of demonstrating the impact of the artist on the imagination, technique, style and imagery of his contemporaries and successors. 18 sheets with 23 drawings by Michelangelo and fifty drawings and five engravings by other masters have been selected from the collection at Windsor Castle; to Jun 22

COLOGNE

EXHIBITION

Museum Ludwig Tel: 49-221-2212379
 ● Jasper Johns: retrospective exhibition devoted to the work of the American artist spanning four decades of artistic achievement, from his early paintings of flags and targets to recent, densely layered canvases. Drawn from public and private collections throughout the world, the exhibition comprises around 200 works; to Jun 1

COPENHAGEN

OPERA

Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69
 ● Arabella: by R. Strauss. Conducted by Dietrich Bernet, performed by the Royal Danish Opera; Apr 28; May 2

EDINBURGH

CONCERT

The Queen's Hall Tel: 44-131-6653456
 ● Scottish Chamber Orchestra: with conductor Mark Wigglesworth and cellist Steven Isserlis performs works by Prokofiev, Shostakovich and Beethoven; May 3

EXHIBITION

Scottish National Gallery of Modern Art Tel: 44-131-5568921
 ● Picasso: Works from the Collection and Works on Loan: Included are a rare early collage work and a number of books containing watercolour sketches; from Apr 28 to Nov 9

FLORENCE

OPERA

Teatro Comunale Tel: 39-55-211158

● Parsifal: by Wagner. Conducted by Semyon Bychkov, performed by the Orchestra e Coro del Maggio Musicale Fiorentino. Part of the 60th Maggio Musicale Fiorentino 1997; May 3

FRANKFURT

CONCERT

Alte Oper Tel: 49-69-1340400
 ● Juliette Gréco: performance by the French torch singer; Apr 30

OPERA

Städtische Bühnen Oper, Ballett, Schauspiel Tel: 49-69-21237444
 ● Fidelio: by Beethoven. Conducted by Sylvain Cambreling, performed by the Oper Frankfurt. Soloists include Henk Smit, Patrick Rafferty and Kristine Ciesinski; Apr 28

GENEVA

CONCERT

Victoria Hall Tel: 41-22-3283573
 ● Orchestre de la Suisse Romande: with conductor Günther Herbig and pianist Radu Lupu performs works by Mozart and Beethoven; Apr 28, 30

GLASGOW

EXHIBITION

The Burrell Collection Tel: 44-141-3311854
 ● Europe in India - Moghal Paintings and their European Prototypes: exhibition on loan from the British Museum featuring a number of Indian paintings influenced by European prototypes, primarily of the Moghal school of the 15th-18th centuries; from May 1 to Aug 31

LISBON

CONCERT

Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131
 ● Finnish Symphony Radio Orchestra: with conductor Jukka-Pekka Saraste and clarinetist Kari Krikku in works by Hämeenlinna, Tiensuu and Lindberg; May 3

LONDON

AUCTION

Sotheby's, Parke Bernet & Co. Tel: 44-171-433080
 ● Important Avant-garde Photographs of the 1920s and 1930s. The Collection of Hélène Anderson: sale featuring over 250 photographs, including an original Rayogram by Man Ray and works by Max Burchartz, Andreas Feininger and Edward Weston; May 2

CONCERT

Wigmore Hall Tel: 44-171-9352141
 ● Alexander Markov: the violinist performs works by Paganini; May 2

EXHIBITION

National Gallery of Arts Tel: 44-171-4397438
 ● The Berlin of George Grosz: the first exhibition in Britain since 1966 to feature the graphic work of the German satirist. His work describes life in Germany from the end of the First World War through economic and political crises to the rise of Fascism; to Jun 6
 National Gallery Tel: 44-171-7472885
 ● London's Monets: exhibition gathering together Monets in London's public and private collections and featuring 25 works by the artist; spanning his entire career, from "La Pointe de la Hève, Sainte-Adresse" (1864), to the series of large "Water Lilies" painted after 1916; to May 5

OPERA

Royal Opera House - Covent Garden Tel: 44-171-2129234
 ● L'Elisir d'Amore: by Donizetti. Conducted by Evelino Pido, performed by the Royal Opera. Soloists include Angela Gheorghiu, Deborah York and José Bros; Apr 26
 ● Otello: by Verdi. Conducted by Myung Whun Chung. Soloists include

Kallen Esperian, Leah-Marian Jones, Vladimir Bogachov and Robin Leggate; Apr 29; May 2

JAZZ

Ronnie Scott's Tel: 44-171-4390747
 ● Monty Alexander Trio: performance by the jazz pianist; from Apr 28 to May 10

LOS ANGELES

EXHIBITION

Los Angeles County Museum of Art Tel: 1-213-857-6000
 ● Exiles and Emigrés: 1933-1945: exhibition focusing on the work of 23 painters, sculptors, photographers and architects in exile during the years of Nazi rule. Includes works by Kandinsky, Ernst, Chagall, Gropius and van der Rohe; to May 11

MADRID

CONCERT

Auditorio Nacional de Música Tel: 34-1-3370100
 ● V Liceo de Camara: with violinist David Garret and pianist Bruno Canino in works by Mozart, Brahms and Beethoven; Apr 29

EXHIBITION

Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-4675062
 ● Eugenio D'Ors Critico de Arte: display tracing the development of Spanish art throughout this century, and the career of Spanish art critic D'Ors. On display are works by artists including Torres García, Picasso, Dalí, Miró and Saura; from Apr 29 to Sep 15
 ● Robert Motherwell: exhibition featuring 80 works selected from American and European collections and including large paintings on canvas, collages and drawings; to May 5

MARTIGNY

EXHIBITION

Fondation Pierre Gianadda Tel: 41-27-7223978
 ● Raoul Dufy: exhibition featuring a selection of works from fifteen series of paintings by the French artist Raoul Dufy. The works on display come from European and American museums and private collections, including the Centre Georges Pompidou in Paris, the Metropolitan Museum in New York and the Phillips Collection in Washington; to Jun 1

MONTE CARLO

DANCE

Salle Garnier Tel: 33-93 15 83 03
 ● Printemps des Arts de Monte-Carlo: this year's festival includes performances by the Nederlands Dans Theater 1, Les Arts Florissants, the London Philharmonic Orchestra and the Freiburger Barockorchester with guest soloist Barbara Bonney; to May 5

MUNICH

EXHIBITION

Haus der Kunst Tel: 49-89-211270
 ● Michael Wutzel und der russische Jugendstil: the first display of work by this key figure in Russian Symbolism to be held in the West features more than 30 oil paintings, 150 works on paper, 20 ceramics and a group of sculptures; from May 1 to Jul 30
 Kunsthalle der Hypo-Kulturstiftung Tel: 49-89-224412
 ● Alberto Giacometti: display of works by the Swiss sculptor, with over 60 pieces selected from the Fondation Maeght in St. Paul-de-Vence; to Jun 29

OPERA

Cuvillies-Theater - Altes Residenztheater Tel: 49-89-296836
 ● Il Trovatore: by Verdi. Concert performance conducted by Bertrand de Billy and performed by the Bayerische Staatsoper. Soloists include Julia

Varady and Paolo Gavanelli; from May 3 to May 9

NEW YORK

CONCERT

Avery Fisher Hall Tel: 1-212-875-5030
 ● Hanover Band: with conductor Nicholas McGegan and contralto Natalie Stutzmann in works by Schubert, Mozart and Beethoven; Apr 27

EXHIBITION

Museum of the City of New York Tel: 1-212-534-1672
 ● Of These We Sing: George & Ira Gershwin Centennial: commemorating the joint centennial of the Gershwin brothers, this exhibition features an assortment of their original art work, including oil paintings and sketches; a sampling of Gershwin caricatures by Auerbach-Levy, Fruhauf and Rosenberg; personal items, such as Gershwin's robe and Ira's cigarette boxes; and sheet music and memorabilia from the shows that they created together; from Apr 30 to Jan 4
 The Metropolitan Museum of Art Tel: 1-212-8795500
 ● Giambattista Tiepolo: a monographic exhibition of about 70 paintings by the 18th century Venetian painter. The exhibition, celebrating the 300th anniversary of the artist's birth, covers the full extent of Tiepolo's career with an emphasis on his large-scale canvases; ends tomorrow

● The Glory of Byzantium: Icarus exhibition celebrating the Second Golden Age of Byzantine civilization from mid-6th to mid-13th centuries. Beginning with the end of the iconoclastic controversies, the exhibition explores both religious and secular aspects of Byzantine culture and considers the interaction of the empire with its Christian neighbours. The exhibition features more than 350 works of art including mosaics, frescoes, ivories, enamels, silks and icons, and includes works owned by Orthodox monasteries and never before loaned abroad; to Jul 6

Whitney Museum of American Art Tel: 1-212-570-3600
 ● The 1997 Biennial Exhibition: the Whitney's signature exhibition focuses on the most important developments in recent American art; to Jun 22

Metropolitan Opera House Tel: 1-212-3828000
 ● Madame Butterfly: by Puccini. Conducted by John Fiore, performed by the Metropolitan Opera. Soloists include Michele Crider, Franco Farina and Frederick Burchinal; Apr 29

THEATRE

Lunt-Fontanne Theatre Tel: 1-212-575-9200
 ● Titanic: by Peter Stone, music by Maury Yeston. Directed by Richard Jones. The cast includes Adam Alex-Malle, Becky Ann Baker, Melissa Bell and Matthew Bennett; to Dec 31

PARIS

CONCERT

Théâtre des Champs-Élysées Tel: 33-1-49525050
 ● Orchestre de Chambre de Cologne: with conductor Helmut Müller-Brühl, soprano Elisabeth Magnusson and clarinetist Paul Meyer, performs works by Mozart; Apr 29

EXHIBITION

Galerie Nationales du Grand Palais Tel: 33-1-44131717
 ● Angkor et Dix Siècles d'Art Khmer: exhibition displaying 113 examples of Cambodian art, including a number of stone, bronze and wooden sculptures. The exhibition draws mainly on the collections of the National Museum of Asian Art in Gumbat; to May 26
 ● Paris-Bruxelles/Bruxelles-Paris: exhibition focusing on the artistic relation and exchange between

Belgium and France from 1848 to 1914. Attention is paid to both visual and decorative arts, architecture, literature and music, ranging in styles from Realism and Impressionism to Symbolism and Art Nouveau; to Jul 14

OPERA

L'Opéra de Paris Bastille Tel: 33-1-44731399
 ● Nabucco: by Verdi. Conducted by Maurizio Benini, performed by the Orchestre et Chœurs de l'Opéra National de Paris. Soloists include Sergei Leiferkus, Daniel Galvez-Vallejo, Ferruccio Furlanetto and Violeta Urmana; Apr 29
 Théâtre National de l'Opéra - Opéra Garnier Tel: 33-1-42685022
 ● La Clemenza di Tito: by Mozart. Conducted by Armin Jordan, performed by the Orchestre et Chœurs de l'Opéra National de Paris. Soloists include Rainer Trost, Cynthia Lawrence and Christiane Schäfer; Apr 30; May 3

ROME

OPERA

Teatro dell'Opera di Roma Tel: 39-6-481801
 ● Der Fliegende Holländer: by Wagner. Conducted by Philippa Jordan, performed by the Opera di Roma. Soloists include Susan Anthony, José van Dam and James O'Neill; May 2

SINGAPORE

ART & ANTIQUE FAIR
 Singapore International Convention and Exhibition Centre
 ● Treasures 1997: the fifth Treasures fair features representatives from a number of international fine art and antique dealers, including the Galerie Tamenaga of Tokyo, Marlborough Fine Art, London and Galerie Odon Wagner of Canada; from Apr 24 to Apr 29

STOCKHOLM

DANCE

Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
 ● Mayerling: choreographed by Kenneth MacMillan to music by Liszt performed by the Royal Swedish Ballet (premiere); Apr 30; May 1

EXHIBITION

Nationalmuseum Tel: 46-8-6664250
 ● Ferdinand Boberg: exhibition of work by one of Sweden's leading architects, centering on two rooms he created: Oscar II's salon and the Boberg Room. Also on display are items of furniture, textiles, ceramics and other applied art objects; from May 1 to Sep 1

THESSALONIKI

EXHIBITION

Thessaloniki Cultural Capital '97 Tel: 30-51-867860-6
 ● Caravaggio: exhibition of works by Michelangelo Merisi da Caravaggio (1573-1610), shown alongside a number of works by his followers, known as the "Caravaggeschi": Bartolomeo Manfredi, Orazio Gentileschi, Carlo Saraceni, Orazio Borgianni and Battistello Caracciolo; to Jun 15

TOKYO

CONCERT

Sumitomo Hall Tel: 81-3-35849999
 ● Yomiuri Nippon Symphony Orchestra: with conductor Nello Santi, soprano Adriana Marfisi and tenor Reinaldo Macias in works by Verdi; Apr 28

TORONTO

EXHIBITION

Art Gallery of Ontario Tel: 416-978-6648
 ● Whistler and His Circle: Etchings and Lithographs from the Collection of the Art Gallery of Ontario: exhibition featuring 45 prints by James McNeill Whistler (1834-1903) and 25 by the circle of artists surrounding him, including Walter Richard Sickert, Joseph Pennell and Clarence Gagnon. The works on display come from the Gallery's permanent collection; to Jul 6

VERONA

EXHIBITION

Museo di Castelvecchio Tel: 39-45-594734
 ● India: Antiche Miniature e Dipinti: the first ever public display of 80 Indian miniatures dating from the 16th-19th centuries, drawn from the personal collection of Sir Howard Hodgkin; from Apr 30 to Aug 3

VIENNA

EXHIBITION

Kunsthistorisches Museum Tel: 43-1-52524
 ● Vittoria Colonna - Michelangelo's Muse: exhibition tracing the life and times of the Renaissance poet who included in her circle the poets Castiglione and Glorvo, theologians Contarini and Flaminio and the artists Bronzino and Moroni. Michelangelo was another famous admirer, dedicating a number of drawings, sonnets and letters to her; to May 25

ZURICH

OPERA

Opernhaus Zürich Tel: 41-1-268 6666
 ● Die Lustige Witwe: by Lehár. Conducted by Franz Welser-Möst, performed by the Oper Zürich. Soloists include Malin Hartelius, Liliana Nicitescu and Rodney Giffy; Apr 30

CONCERT

Tonhalle Tel: 41-1-2063434
 ● NHK Orchestra Tokyo: with conductor Charles Dutoit; violinist Kyoko Takesawa in works by Wagner, Mendelssohn and Prokofiev; Apr 27

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FT WEEKEND

True Fiction

Give us something to believe in

James Morgan looks at the range of off-the-peg designer faiths now available

Many of you may have felt that you too would like to have your own universal ideology, or to create a global religion. Nothing much has been done in this line on a serious scale since Karl Marx had a try more than a century ago. His achievements today receive mixed reviews.

Giving people something to believe in, something new and in keeping with the spirit of the times, is one of the great end-of-millennium challenges. Few have tried to fill the gap since about 40 years ago when the English essayist, Paul Jennings, revealed the truths of Resistentialism.

Resistentialism provided a lamp to guide many of us through the anfractuities of early puberty and beyond. The philosophy was actually invented in France with the phrase *les choses sont contre nous* (things are against us). It provided the first systematic test of the marmalade-and-toast hypothesis, that the marmalade-side would land on the carpet when the toast fell from the breakfast plate. Resistentialism added the further, critical, element that the likelihood of the toast landing this way increased with the cost of the carpet.

That has now all been subsumed in Murphy's law and other secular vulgarisations of the original resistentialist creed. Resistentialism postulated a fundamental, rather than an accidental, opposition between man and the inanimate kingdom. So

it came to be an inspiration to all those who were making their first tentative attempts to ride a British motorcycle.

I was, therefore, glad to see the original set of resistential beliefs on the list of available intellectual systems when I visited the head offices of Credo Inc in La Jolla, California, last week.

Its employees self-deprecatingly call it "Faiths 'R' Us" but it has a very serious intent, as could be seen in its original slogan "Myths for Modern Man and his Mate". The present CEO, Agnes Day, told me that when she took over five years ago that

was her first major change. "We put sex in and took sexism out of religion," she said, revealing her latest campaign slogans - "God is not a boy's name" and "Slip into your dreams". The company was originally established as a provider of tailor-made faiths for the wealthy who found certain aspects of modern religious practice unattractive. But it was Mrs Day who realised the potential of the *foi a porter*, ready-to-wear faith. "We have a number of lines which can be easily adapted to the mass-market," she told me.

A huge early success was that

which postulated the unbridgeable gulf between God and man and therefore demanded that a true believer behave in such a manner that he or she could not in any way be confused with God, the supreme being or whatever. To attempt to live a life of upright morality and dedication, according to this particular view, represented the sin of pride writ exceptionally large.

The basis of the creed was that belief itself dispensed one from adherence to the moral law. The cult spread from being the secret of a few adult film makers around Los Angeles into what Time magazine called "The

brushfire belief that bags the baby-boomers".

But in spite of one senatorial candidate running on a platform which explicitly stated "Give me that new-time religion", it was suddenly exposed as being of ancient origin, and therefore no use in the US. This supposedly modern creed was in fact nothing more than a rebirth of anti-utopianism, which had been condemned by the Church as a heresy in the 15th century.

"We learnt a lot from that experience," said Mrs Day, explaining that it had been "put on the program" by an defrocked Jesuit in whom she

had had a complete trust. "I should have known better," she laughed. In fact, Day saved the situation: anti-utopianism's potential in export markets was quickly recognised and it sold well in Latin Europe, Malaga, St Tropez and Naples are today major centres.

Today Credo Inc has its own mission statement - "To provide each individual with the opportunity to find his or her own redemption, salvation or fulfilment, in a creed or belief system that leads to appropriately chosen life-and-death goals."

There are some who sneeringly talk of "designer faith" but Agnes Day, running her long, finely manicured, fingers through her hair replies: "The world will be a better place when every man is a prophet in his own country. And woman, too, in hers."

James Morgan is economics correspondent of the BBC World Service.

Metropolis

A theatre in which only the performers are made to pay

Christian Tyler joins the audience for a daily drama acted out by a cosmopolitan cast in central London

There are two playhouses on Bow Street in central London, and their neo-classical facades stare at each other across the narrow thoroughfare. At both venues the drama is played according to time-honoured conventions; and in both you will find people dressed up for the occasion. The difference is that on one side the rich are paying £50 or more to get in; on the other, the poor are paying similar sums to get out.

So it seemed, one recent Monday morning, that the man in the long white robe emblazoned with a scarlet dragon had walked into the wrong building. He should have been across the road in the Royal Opera House growing in the chorus line of a Wagnerian *stingspiel*, not sitting silently in the dock of Bow Street magistrates' court.

It was no mistake. For bushy-bearded Arthur Pendragon, self-proclaimed druid chieftain and prospective parliamentary candidate for Aldershot at next week's general election, was up on a charge: possession of an article with a blade exceeding 7.62cm (three inches in old English). This coy judicial parlance referred to Pendragon's three-foot broadsword, Excalibur, which the police had confiscated from him the previous Saturday during a violent "reclaim the streets" demonstration in Trafalgar Square.

The silent druid was among the first walk-on parts of the day. He was exotic but not unusual. For Bow Street's cast of characters -

solicitors as well as defendants - is nothing if not catholic. It embraces all the accents, colours and creeds that go into making London the most cosmopolitan capital in Europe. Even the officer at the courthouse door looked as though he had escaped from an American TV series: he wore dark shades and gold jewellery and spoke in a brash Texas accent.

As if to underline its polyglot status, Bow Street is where extradition cases are heard. That Monday morning bill included a balding Scandinavian with a blond moustache who was wanted in Sweden, and a confident-looking young Asian with an English name wanted in Finland.

From his perch beneath the royal coat of arms ("Dieu et mon droit") the stipendiary magistrate, Nicholas Evans, peered down over half-glasses at the motley procession like the firm-but-fair headmaster of an unruly school. Next to appear before the beak was a middle-aged computer expert whose every gesture and glance spoke contrition. He pleaded guilty to five charges of hacking into his employer's computer network. According to the smart young black solicitor, he did it after the company replaced him with a junior. The magistrate asked for a probation report before sentencing.

There followed a handsome, curly-headed man who gripped the rail of the dock to stop his hands shaking. He admitted taking a musical box worth £28 from a stall in Covent Garden. A young woman solicitor with an

auburn ponytail described the prisoner as an alcoholic who had been living rough on sickness benefit of £88 a week since his mother - also an alcoholic - died 14 years ago. The magistrate looked unmoved. "Your record speaks volumes," he said, noting 34 previous convictions, and sentenced the fellow to 28 days in jail. The prisoner rushed angrily from the courtroom under guard.

Next was a trio who could easily have been cast as a hit squad by Hollywood. The case was mundane, however, and they were committed for trial on charges of conspiracy to defraud a company in north London.

Then a young Sikh, his black turban almost covering his eyes, took the witness stand to negoti-

ate more time to pay a fine. An articulate blond youth from Sussex was bailed after pleading guilty to smashing a window after a night's clubbing in the metropolis; so was a youth from Derbyshire who had come down for the Trafalgar Square demonstration and had been arrested for throwing a can of drink at a policeman.

The next man also pleaded alcohol in his defence on a charge of having stolen two bottles of spirits from a Tesco supermarket. The magistrate asked: "Is that a Brixton tan or a Mediterranean tan?" The man in the dock looked nonplussed.

A woman solicitor rose. "Sir, I am assured that he is of mixed race, which gives him some

advantage in the tanning stakes. He sits in the sun in Brixton."

As if to make amends, the stipendiary let the man off with a conditional discharge and £40 costs, so that he could take up a promised £128-a-week job as a kitchen porter.

Lunchtime arrived. The cast of Court One - leading players and extras alike - adjourned to the pizza parlour opposite. Outside, all the races of the earth mingled in the sunshine. A group of drunks, three men and a woman, sat round a litter bin knocking back cans of lager. Court reporters ate their sandwiches at the feet of a bronze ballerina.

Court One reassembled. Pendragon the druid, who had been outside briefing the reporters for

much of the morning, was still not satisfied. His solicitor reappeared to ask the magistrate to lift reporting restrictions - a request which caused some puzzlement since there seemed to be not much to report. "Is he wishing publicity?" the stipendiary asked innocently. "There's nothing to stop him giving a press conference outside."

A Moslem minicab driver was fined £50 for crossing a red light. Then a police constable read in level tones from his notebook a stream of unprintable abuse which he said had been heaped on him by a beggar in Soho. No one batted an eyelid. Court One hears such language every day.

The rest of the afternoon was taken up with the trial of a man

accused of headbutting a girl after a Thames riverboat party on New Year's Eve. The girl appeared, tall and striking in a black suit, to tell her story in a few breezy words, followed by the policeman who made the arrest. The defendant denied it five of his friends and family members called by the energetic young barrister backed him up. To no avail. "I find the charge proved," declared the magistrate, adjourning the case for sentencing.

Once more, alcohol was the unseen culprit. This illustrates another difference between the two theatres of Bow Street. The opera means a drink in the interval. The court is an interval between drinks.



Arcadia

Fanfare for a common walking man

Philip Coggan finds hope, and not a little pride, on Britain's incomparable footpaths

together in car parks, passing flasks between them and sitting in silence, decades of marriage having, presumably, exhausted all topics of conversation.

Beaches are littered with windbreaks, with families closeted together for shelter. Like early Empire builders, they have staked out and occupied their territory and thrown up their ramparts of sand.

Traversing the coastal path of south-west England, as I did in 31 days and nights of walking in the wilderness, one sees all types of habitat, human and natural. The route suffers from the depredations of sea erosion and private landowners. From Lulworth Cove to Kimmeridge, in Dorset, are some of the most magnificent scenery and roughest walking conditions one could wish for. The route also goes straight through an artillery range - and is replete with notices stating that the land off the path is ripe

with unexploded shells.

In the middle is the abandoned village of Tynham, taken over by the army in 1943. The inhabitants were moved with the promise they could return after the war: this was not honoured.

The battle between the rights of the walker and those of the landowner is fought all along the coast. The official path approaching Port Rinkle, in Cornwall, may appear to go through sheep pasture but the local farmer has decided to install electric fencing, requiring commando tactics on the part of the hiker. On some sections, because of obstructive landowners, there is no option but to take to the main road. There, walkers must negotiate bends knowing that a delivery van might be coming round the corner at 50mph.

But by and large, there can be few places in the world where public footpaths are so well established as in Britain, where

common law seems to have stood up for the rights of the common man to wander where he will. It was a surprise, however, to see how the common dog had become disenfranchised. Most beaches banned dogs between Easter and October, a draconian

I could see the headlines: 'FT Hack In Nudist Beach Carnage'

restriction of Rover's rights, considering the canine love of water.

The problem is the dog's willingness to treat the world as a public convenience. Behind the net curtains, passions evidently get inflamed on the subject of

Fido's faeces. Outside Swanage, I passed one house with a placard: "People who allow their dogs to foul pavements and gardens are anti-social, unhygienic and inconsiderate." The next house had a defiant "Beware of the dog" sign. Dog walkers must be the most frequent users of the South-West Way, the coastal path which winds its way from Minstead, in Somerset, to Poole, in Dorset. Indeed, one man actually walked the whole route with a borrowed pooch and wrote a book about it: *500-mile Walkies*.

For vast stretches, however, you can find yourself cut off from humanity. This has its advantages in terms of peace and scenery but has its limitations when you realise, slogging your way up another 500ft hill, that you are still two hours from any chance of refreshment. You need to be pretty fit to attempt some sections but the views, stretching for miles of cliff-top in either

direction, are worth the effort.

There is also an amazing difference between off-season and holiday-days, between weekdays and weekends. At Easter, seaside towns spring into life, like the court in *Sleeping Beauty* after the arrival of the Prince. Restaurants and hotels, as deserted as an Aspathectic Convention the week before, become packed.

Out of season, the only places of business that appear to be open in many towns are amusement arcades, designed to keep local youth off the streets and out of cash. They cannot wait to escape the quiet boroughs which, 30 years later, they will seek out in search of the very peace and quiet that made them desert.

This is an England far removed from London's bond dealers and cappuccino bars. Wages are low - £3.50 an hour seems standard - for the young, while the elderly eke out pensions by offering bed and breakfasts. There cannot be

much profit in letting out a room for an occasional £15-£20 a night, especially with the full English fry-up. It is a bizarre act - to invite a stranger into your home on only a nodding acquaintance.

When I was a child, most threw you out at 9.30am and refused to let you return until 5.30pm.

These days, rooms have show-ers, colour TVs, tea and coffee-making facilities, the lot. Many owners are friendly to the point of saintliness - Mr and Mrs Curtis, of Clovelly, gave me a cup of tea and cake on arrival, washed my clothes, ferried me to the pub in the evening, and even sent me off with a packed lunch.

It is tempting to despair of Britain, of public squalor, crime, road-rage and corrupt politicians. But when one can walk on private land for hundreds of miles and see magnificent scenery for free, when householders are willing to let you stay under their roofs for a modest charge and without fear, it is possible to feel hope, and even a little pride.

Chess No 1477: 1... Rf7 2 Kd7 3... Kd8 4 Ke6 5 Bc5 6 Bb4 7 Bc5 8 Bb4 9 Bc5 10 Bb4 11 Bc5 12 Bb4 13 Bc5 14 Bb4 15 Bc5 16 Bb4 17 Bc5 18 Bb4 19 Bc5 20 Bb4 21 Bc5 22 Bb4 23 Bc5 24 Bb4 25 Bc5 26 Bb4 27 Bc5 28 Bb4 29 Bc5 30 Bb4 31 Bc5 32 Bb4 33 Bc5 34 Bb4 35 Bc5 36 Bb4 37 Bc5 38 Bb4 39 Bc5 40 Bb4 41 Bc5 42 Bb4 43 Bc5 44 Bb4 45 Bc5 46 Bb4 47 Bc5 48 Bb4 49 Bc5 50 Bb4 51 Bc5 52 Bb4 53 Bc5 54 Bb4 55 Bc5 56 Bb4 57 Bc5 58 Bb4 59 Bc5 60 Bb4 61 Bc5 62 Bb4 63 Bc5 64 Bb4 65 Bc5 66 Bb4 67 Bc5 68 Bb4 69 Bc5 70 Bb4 71 Bc5 72 Bb4 73 Bc5 74 Bb4 75 Bc5 76 Bb4 77 Bc5 78 Bb4 79 Bc5 80 Bb4 81 Bc5 82 Bb4 83 Bc5 84 Bb4 85 Bc5 86 Bb4 87 Bc5 88 Bb4 89 Bc5 90 Bb4 91 Bc5 92 Bb4 93 Bc5 94 Bb4 95 Bc5 96 Bb4 97 Bc5 98 Bb4 99 Bc5 100 Bb4 101 Bc5 102 Bb4 103 Bc5 104 Bb4 105 Bc5 106 Bb4 107 Bc5 108 Bb4 109 Bc5 110 Bb4 111 Bc5 112 Bb4 113 Bc5 114 Bb4 115 Bc5 116 Bb4 117 Bc5 118 Bb4 119 Bc5 120 Bb4 121 Bc5 122 Bb4 123 Bc5 124 Bb4 125 Bc5 126 Bb4 127 Bc5 128 Bb4 129 Bc5 130 Bb4 131 Bc5 132 Bb4 133 Bc5 134 Bb4 135 Bc5 136 Bb4 137 Bc5 138 Bb4 139 Bc5 140 Bb4 141 Bc5 142 Bb4 143 Bc5 144 Bb4 145 Bc5 146 Bb4 147 Bc5 148 Bb4 149 Bc5 150 Bb4 151 Bc5 152 Bb4 153 Bc5 154 Bb4 155 Bc5 156 Bb4 157 Bc5 158 Bb4 159 Bc5 160 Bb4 161 Bc5 162 Bb4 163 Bc5 164 Bb4 165 Bc5 166 Bb4 167 Bc5 168 Bb4 169 Bc5 170 Bb4 171 Bc5 172 Bb4 173 Bc5 174 Bb4 175 Bc5 176 Bb4 177 Bc5 178 Bb4 179 Bc5 180 Bb4 181 Bc5 182 Bb4 183 Bc5 184 Bb4 185 Bc5 186 Bb4 187 Bc5 188 Bb4 189 Bc5 190 Bb4 191 Bc5 192 Bb4 193 Bc5 194 Bb4 195 Bc5 196 Bb4 197 Bc5 198 Bb4 199 Bc5 200 Bb4 201 Bc5 202 Bb4 203 Bc5 204 Bb4 205 Bc5 206 Bb4 207 Bc5 208 Bb4 209 Bc5 210 Bb4 211 Bc5 212 Bb4 213 Bc5 214 Bb4 215 Bc5 216 Bb4 217 Bc5 218 Bb4 219 Bc5 220 Bb4 221 Bc5 222 Bb4 223 Bc5 224 Bb4 225 Bc5 226 Bb4 227 Bc5 228 Bb4 229 Bc5 230 Bb4 231 Bc5 232 Bb4 233 Bc5 234 Bb4 235 Bc5 236 Bb4 237 Bc5 238 Bb4 239 Bc5 240 Bb4 241 Bc5 242 Bb4 243 Bc5 244 Bb4 245 Bc5 246 Bb4 247 Bc5 248 Bb4 249 Bc5 250 Bb4 251 Bc5 252 Bb4 253 Bc5 254 Bb4 255 Bc5 256 Bb4 257 Bc5 258 Bb4 259 Bc5 260 Bb4 261 Bc5 262 Bb4 263 Bc5 264 Bb4 265 Bc5 266 Bb4 267 Bc5 268 Bb4 269 Bc5 270 Bb4 271 Bc5 272 Bb4 273 Bc5 274 Bb4 275 Bc5 276 Bb4 277 Bc5 278 Bb4 279 Bc5 280 Bb4 281 Bc5 282 Bb4 283 Bc5 284 Bb4 285 Bc5 286 Bb4 287 Bc5 288 Bb4 289 Bc5 290 Bb4 291 Bc5 292 Bb4 293 Bc5 294 Bb4 295 Bc5 296 Bb4 297 Bc5 298 Bb4 299 Bc5 300 Bb4 301 Bc5 302 Bb4 303 Bc5 304 Bb4 305 Bc5 306 Bb4 307 Bc5 308 Bb4 309 Bc5 310 Bb4 311 Bc5 312 Bb4 313 Bc5 314 Bb4 315 Bc5 316 Bb4 317 Bc5 318 Bb4 319 Bc5 320 Bb4 321 Bc5 322 Bb4 323 Bc5 324 Bb4 325 Bc5 326 Bb4 327 Bc5 328 Bb4 329 Bc5 330 Bb4 331 Bc5 332 Bb4 333 Bc5 334 Bb4 335 Bc5 336 Bb4 337 Bc5 338 Bb4 339 Bc5 340 Bb4 341 Bc5 342 Bb4 343 Bc5 344 Bb4 345 Bc5 346 Bb4 347 Bc5 348 Bb4 349 Bc5 350 Bb4 351 Bc5 352 Bb4 353 Bc5 354 Bb4 355 Bc5 356 Bb4 357 Bc5 358 Bb4 359 Bc5 360 Bb4 361 Bc5 362 Bb4 363 Bc5 364 Bb4 365 Bc5 366 Bb4 367 Bc5 368 Bb4 369 Bc5 370 Bb4 371 Bc5 372 Bb4 373 Bc5 374 Bb4 375 Bc5 376 Bb4 377 Bc5 378 Bb4 379 Bc5 380 Bb4 381 Bc5 382 Bb4 383 Bc5 384 Bb4 385 Bc5 386 Bb4 387 Bc5 388 Bb4 389 Bc5 390 Bb4 391 Bc5 392 Bb4 393 Bc5 394 Bb4 395 Bc5 396 Bb4 397 Bc5 398 Bb4 399 Bc5 400 Bb4 401 Bc5 402 Bb4 403 Bc5 404 Bb4 405 Bc5 406 Bb4 407 Bc5 408 Bb4 409 Bc5 410 Bb4 411 Bc5 412 Bb4 413 Bc5 414 Bb4 415 Bc5 416 Bb4 417 Bc5 418 Bb4 419 Bc5 420 Bb4 421 Bc5 422 Bb4 423 Bc5 424 Bb4 425 Bc5 426 Bb4 427 Bc5 428 Bb4 429 Bc5 430 Bb4 431 Bc5 432 Bb4 433 Bc5 434 Bb4 435 Bc5 436 Bb4 437 Bc5 438 Bb4 439 Bc5 440 Bb4 441 Bc5 442 Bb4 443 Bc5 444 Bb4 445 Bc5 446 Bb4 447 Bc5 448 Bb4 449 Bc5 450 Bb4 451 Bc5 452 Bb4 453 Bc5 454 Bb4 455 Bc5 456 Bb4 457 Bc5 458 Bb4 459 Bc5 460 Bb4 461 Bc5 462 Bb4 463 Bc5 464 Bb4 465 Bc5 466 Bb4 467 Bc5 468 Bb4 469 Bc5 470 Bb4 471 Bc5 472 Bb4 473 Bc5 474 Bb4 475 Bc5 476 Bb4 477 Bc5 478 Bb4 479 Bc5 480 Bb4 481 Bc5 482 Bb4 483 Bc5 484 Bb4 485 Bc5 486 Bb4 487 Bc5 488 Bb4 489 Bc5 490 Bb4 491 Bc5 492 Bb4 493 Bc5 494 Bb4 495 Bc5 496 Bb4 497 Bc5 498 Bb4 499 Bc5 500 Bb4 501 Bc5 502 Bb4 503 Bc5 504 Bb4 505 Bc5 506 Bb4 507 Bc5 508 Bb4 509 Bc5 510 Bb4 511 Bc5 512 Bb4 513 Bc5 514 Bb4 515 Bc5 516 Bb4 517 Bc5 518 Bb4 519 Bc5 520 Bb4 521 Bc5 522 Bb4 523 Bc5 524 Bb4 525 Bc5 526 Bb4 527 Bc5 528 Bb4 529 Bc5 530 Bb4 531 Bc5 532 Bb4 533 Bc5 534 Bb4 535 Bc5 536 Bb4 537 Bc5 538 Bb4 539 Bc5 540 Bb4 541 Bc5 542 Bb4 543 Bc5 544 Bb4 545 Bc5 546 Bb4 547 Bc5 548 Bb4 549 Bc5 550 Bb4 551 Bc5 552 Bb4 553 Bc5 554 Bb4 555 Bc5 556 Bb4 557 Bc5 558 Bb4 559 Bc5 560 Bb4 561 Bc5 562 Bb4 563 Bc5 564 Bb4 565 Bc5 566 Bb4 567 Bc5 568 Bb4 569 Bc5 570 Bb4 571 Bc5 572 Bb4 573 Bc5 574 Bb4 575 Bc5 576 Bb4 577 Bc5 578 Bb4 579 Bc5 580 Bb4 581 Bc5 582 Bb4 583 Bc5 584 Bb4 585 Bc5 586 Bb4 587 Bc5 588 Bb4 589 Bc5 590 Bb4 591 Bc5 592 Bb4 593 Bc5 594 Bb4 595 Bc5 596 Bb4 597 Bc5 598 Bb4 599 Bc5 600 Bb4 601 Bc5 602 Bb4 603 Bc5 604 Bb4 605 Bc5 606 Bb4 607 Bc5 608 Bb4 609 Bc5 610 Bb4 611 Bc5 612 Bb4 613 Bc5 614 Bb4 615 Bc5 616 Bb4 617 Bc5 618 Bb4 619 Bc5 620 Bb4 621 Bc5 622 Bb4 623 Bc5 624 Bb4 625 Bc5 626 Bb4 627 Bc5 628 Bb4 629 Bc5 630 Bb4 631 Bc5 632 Bb4 633 Bc5 634 Bb4 635 Bc5 636 Bb4 637 Bc5 638 Bb4 639 Bc5 640 Bb4 641 Bc5 642 Bb4 643 Bc5 644 Bb4 645 Bc5 646 Bb4 647 Bc5 648 Bb4 649 Bc5 650 Bb4 651 Bc5 652 Bb4 653 Bc5 654 Bb4 655 Bc5 656 Bb4 657 Bc5 658 Bb4 659 Bc5 660 Bb4 661 Bc5 662 Bb4 663 Bc5 664 Bb4 665 Bc5 666 Bb4 667 Bc5 668 Bb4 669 Bc5 670 Bb4 671 Bc5 672 Bb4 673 Bc5 674 Bb4 675 Bc5 676 Bb4 677 Bc5 678 Bb4 679 Bc5 680 Bb4 681 Bc5 682 Bb4 683 Bc5 684 Bb4 685 Bc5 686 Bb4 687 Bc5 688 Bb4 689 Bc5 690 Bb4 691 Bc5 692 Bb4 693 Bc5 694 Bb4 695 Bc5 696 Bb4 697 Bc5 698 Bb4 699 Bc5 700 Bb4 701 Bc5 702 Bb4 703 Bc5 704 Bb4 705 Bc5 706 Bb4 707 Bc5 708 Bb4 709 Bc5 710 Bb4 711 Bc5 712 Bb4 713 Bc5 714 Bb4 715 Bc5 716 Bb4 717 Bc5 718 Bb4 719 Bc5 720 Bb4 721 Bc5 722 Bb4 723 Bc5 724 Bb4 725 Bc5 726 Bb4 727 Bc5 728 Bb4 729 Bc5 730 Bb4 731 Bc5 732 Bb4 733 Bc5 734 Bb4 735 Bc5 736 Bb4 737 Bc5 738 Bb4 739 Bc5 740 Bb4 741 Bc5 742 Bb4 743 Bc5 744 Bb4 745 Bc5 746 Bb4 747 Bc5 748 Bb4 749 Bc5 750 Bb4 751 Bc5 752 Bb4 753 Bc5 754 Bb4 755 Bc5 756 Bb4 757 Bc5 758 Bb4 759 Bc5 760 Bb4 761 Bc5 762 Bb4 763 Bc5 764 Bb4 765 Bc5 766 Bb4 767 Bc5 768 Bb4 769 Bc5 770 Bb4 771 Bc5 772 Bb4 773 Bc5 774 Bb4 775 Bc5 776 Bb4 777 Bc5 778 Bb4 779 Bc5 780 Bb4 781 Bc5 782 Bb4 783 Bc5 784 Bb4 785 Bc5 786 Bb4 787 Bc5 788 Bb4 789 Bc5 790 Bb4 791 Bc5 792 Bb4 793 Bc5 794 Bb4 795 Bc5 796 Bb4 797 Bc5 798 Bb4 799 Bc5 800 Bb4 801 Bc5 802 Bb4 803 Bc5 804 Bb4 805 Bc5 806 Bb4 807 Bc5 808 Bb4 809 Bc5 810 Bb4 811 Bc5 812 Bb4 813 Bc5 814 Bb4 815 Bc5 816 Bb4 817 Bc5 818 Bb4 819 Bc5 820 Bb4 821 Bc5 822 Bb4 823 Bc5 824 Bb4 825 Bc5 826 Bb4 827 Bc5 828 Bb4 829 Bc5 830 Bb4 831 Bc5 832 Bb4 833 Bc5 834 Bb4 835 Bc5 836 Bb4 837 Bc5 838 Bb4 839 Bc5 840 Bb4 841 Bc5 842 Bb4 843 Bc5 844 Bb4 845 Bc5 846 Bb4 847 Bc5 848 Bb4 849 Bc5 850 Bb4 851 Bc5 852 Bb4 853 Bc5 854 Bb4 855 Bc5 856 Bb4 857 Bc5 858 Bb4 859 Bc5 860 Bb4 861 Bc5 862 Bb4 863 Bc5 864 Bb4 865 Bc5 866 Bb4 867 Bc5 868 Bb4 869 Bc5 870 Bb4 871 Bc5 872 Bb4 873 Bc5 874 Bb4 875 Bc5

WEEKEND INVESTOR

Last week's preliminary results

Company	Sector	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividend per share (p)
Andrew & Sons	Text	Dec	7,916 (4,670)	33.8 (19.2)	16.0 (8.0)
Ashtree (Lam)	Text	Jan	16,250 (10,200)	4.28 (2.57)	1.0 (0.5)
Austin Reed	Text	Jan	8,770 (3,300)	14.2 (7.2)	6.5 (3.0)
BS	Text	Dec	1,420 (233)	18.12 (4)	5.8 (4.5)
Bank of Scotland	Bank	Feb	604,100 (545,000)	31.6 (25.8)	8.22 (8.83)
Barclays Bank	Bank	Jan	7,640 (5,070)	12.4 (8.1)	7.75 (6.69)
Barclays	Bank	Feb	3,760 (1,200)	7.49 (1.74)	2.78 (2.22)
Bedwin	Text	Dec	11,500 (9,250)	7.5 (6.8)	3.52 (2.8)
Bentley	Text	Dec	181 (114)	3.35 (2.01)	0.81 (0.75)
Bentley Mining	Text	Dec	1,200 (1,100)	3.47 (3)	3.5 (3.4)
Bentley Publishing	Text	Dec	50,800 (414,300)	10.4 (4)	-
Bentley Walker	Text	Dec	354 (2)	- (0.015)	-
Bentley Resources	Text	Dec	685,400 (624,000)	-	-
Bentley	Text	Dec	182.5 (198.5)	2.1 (2.91)	1.85 (1.8)
Bentley	Text	Dec	1,300 (870)	1.38 (0.83)	0.5 (0.32)
Bentley	Text	Dec	15,100 (15,000)	4.01 (4.28)	2.45 (2.35)
Bentley	Text	Dec	5,000 (4,750)	14.43 (10.58)	1.802 (1.554)
Bentley	Text	Dec	3,400 (2,170)	0.25 (0.3)	-
Bentley	Text	Dec	370 (240)	-	-
Bentley	Text	Dec	55.25 (55.05)	2.42 (4)	1.8 (1.8)
Bentley	Text	Dec	128.5 (115.5)	7.05 (6.48)	6.4 (6.4)
Bentley	Text	Dec	814 (3,040)	0.41 (1)	1.3 (1.3)
Bentley	Text	Dec	1,800 (916)	6.14 (3.2)	2.92 (2.55)
Bentley	Text	Dec	11,800 (12,800)	9.04 (9.58)	2.88 (2.67)
Bentley	Text	Dec	3,550 (2,700)	-	-
Bentley	Text	Dec	11,200 (7,200)	18.26 (13.14)	5.1 (4)
Bentley	Text	Dec	155.3 (143.8)	-	-
Bentley	Text	Dec	4,400 (15,800)	17.51 (4)	1.85 (1.85)
Bentley	Text	Dec	1,760 (1,730)	2.29 (1.87)	0.78 (0.72)
Bentley	Text	Dec	5,400 (5,400)	17.6 (12.9)	6.8 (4)
Bentley	Text	Dec	1,200 (817)	0.47 (0.31)	0.15 (0.12)
Bentley	Text	Dec	2,770 (478)	0.44 (0.34)	-
Bentley	Text	Dec	507 (2,400)	0.8 (1)	-
Bentley	Text	Dec	17,000 (11,000)	36.5 (64.8)	12 (10.8)
Bentley	Text	Dec	12,300 (8,200)	15.2 (11.1)	2.8 (2.7)
Bentley	Text	Dec	238.4 (208.8)	6.82 (5.93)	5.15 (4.85)
Bentley	Text	Dec	192 (3,800)	0.3 (4)	-
Bentley	Text	Dec	17,400 (15,000)	20.8 (20.5)	8.8 (8.2)
Bentley	Text	Dec	3,050 (1,100)	5.95 (4.78)	4.72 (3.5)
Bentley	Text	Dec	700 (111)	2 (0.3)	-
Bentley	Text	Dec	10,500 (2,220)	20.3 (8.8)	6.5 (5.9)
Bentley	Text	Dec	88 (264)	-	-

Results due next week

Company	Sector	Account due	Last year interim	This year interim
FINAL DIVIDENDS				
Chiroscience	Pharm	Monday	-	-
David Brown Grp	Eng	Wednesday	2.4	5.2
ES Group	Eng	Monday	3.5	9.5
Grampian Hldgs	Med	Wednesday	-	-
Grampian TV	Med	Monday	1.25	4.15
Oliver Ashworth Grp	Dist	Wednesday	-	-
Paramet	Med	Tuesday	-	0.8
Ryan Hldgs	Med	Tuesday	0.005	0.0052
S & U	Med	Tuesday	3.5	12.5
Sears	Med	Tuesday	1.05	2.9
Shiloh	Text	Wednesday	1.0	2.85
West 175 Enterprises	AIM	Monday	-	-
INTERIM DIVIDENDS				
Advanced Power Components	EESE	Tuesday	-	-
Air London Int	Text	Tuesday	-	10.08
BAT	Text	Wednesday	10.0	18.5
Fluorim Group	AIM	Tuesday	-	-
Huntingdon Life Sciences	Pharm	Tuesday	-	-
Jersey Phoenix Ltd	Text	Wednesday	1.5	1.8
Royal Dutch Petroleum	Oil	Thursday	4.3	5.25
Shell Transport	Oil	Thursday	14.4	22.5
Stratagem	Text	Monday	2.0	2.0
Unilever	Pharm	Friday	10.25	21.75

*Dividends are shown net of tax and are adjusted for any intervening scrip issues.
 Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. † 1st quarterly, ‡ 2nd quarterly, § 3rd quarterly, ¶ Split dividend, † Irish Punt, ‡ Dutch Florin.
 This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

New issues

Confrontation for BT

Cable & Wireless Communications will make its market debut this week with an expected valuation of around £4.5bn, writes Christopher Price. The group - formed from the merger of Mercury, the telecoms business of Cable and Wireless, and three cable companies: Nynex CableComms, Bell CableMedia and Videotron - will be by far the biggest telecommunications and entertainment provider in the UK. It is also expected to be the most significant challenger to British Telecommunications' dominance of the domestic market.

No new money is being raised in the float. C&W will hold 52 per cent of the shares while other group investors will have 33 per cent. The public will hold around 15 per cent.

□ Royalblue, a Surrey-based software and computer services group specialising in financial trading systems, corporate call centres and customer help desks, is to seek a full market listing in the next few months.

The flotation, sponsored by Hoare Govett, is likely to value the group - which last year changed its name from Intercom Data Systems - at between £35m and £40m and to raise around £5m in new money.

□ Dealings in Lady In Leisure Group, a national chain of women-only health and fitness clubs, began this week. The placing raised £1.7m, valuing the company at £4.6m.

Rights issues

Enterprise Inns is to raise £33.2m via a 3-8 rights issue at 180p.

Offers for sale, placings & introductions

Sheldrake is to raise £2m via a placing of 3.42m shares at 117p.
 Shield Diagnostics is to raise £2.8m via a placing of 553,000 new shares at 530p.

Last week's interim results

Company	Sector	Half year to	Pre-tax profit (£000)	Interim dividend per share (p)
Abnath High Income	Int'l	Mar	84,32 (76.63)	1.85 (1.8)
Anglo Irish Bank	Bank	Mar	13,700 (11,200)	1.85 (1.5)
Car's Milling	Food	Mar	1,700 (1,250)	3.0 (2.5)
Corall	Text	Mar	1,650 (1,110)	4.1 (3.6)
DFS Furniture	Text	Mar	15,700 (15,100)	3.9 (3.1)
Dixie (James)	Eng	Feb	621 (580)	2.31 (2.3)
Enterprise Inns	Pharm	Mar	6,160 (3,550)	2.5 (2.25)
Ferraris	Text	Mar	625 (488)	1.2 (1.05)
Ferrisier VS	Text	Mar	1,250 (924)	0.7 (4)
Henderson High Inc	Int'l	Mar	-	1.85 (1.8)
ICI	Chem	Mar	70,000 (225,000)	-
Kwort Second 2006	Int'l	Mar	142.9 (124.2)	-
Kwort Second 2009	Int'l	Mar	97.1 (85.5)	-
Lynce Irish Hldgs	na	Feb	4,370 (4,210)	3.6 (7.5)
MSG Equity	Int'l	Mar	71.19 (4)	0.88 (4)
Mimvna	Prop	Jan	8,500 (2,170)	-
Network Tech	AIM	Dec	-	0.5 (4)
On Estates	Eng	Dec	301 (2,101)	-
Shier Smaller	Int'l	Mar	188.1 (178.29)	1.75 (1.325)
St Ives	Pharm	Mar	23,500 (19,500)	3.4 (2.5)
Shilline Bechem	Pharm	Mar	418 (287)	4.41 (4.0)
Waste Management	Text	Mar	33,000 (35,500)	-

*Figures in parentheses are for the corresponding period. †Dividends are shown net of tax and are adjusted for any intervening scrip issues.
 ‡ 1st quarterly, § 2nd quarterly, ¶ 3rd quarterly, † Irish Punt, ‡ Dutch Florin.
 † Previous year and figure, § 53-week figures, ¶ 3-month figures, ‡ 2-month figures, § 11-month figures, ¶ 14-month figures, § Comparatives for 12 months, ‡ Comparatives for 9 months, † Comparatives for 16 months and restated, ¶ At December 31.

Bids/deals

Battle for Co-op ends in court

One of the most extraordinary takeover bids in recent years collapsed on Thursday after Nomura, a key financial backer, withdrew support for Andrew Regan's hostile £1.2bn offer to acquire the sprawling Co-operative Wholesale Society, Regan and David Lyons, his business partner, now face criminal proceedings for handling allegedly stolen property - internal documents allegedly taken from the Co-op - and have been ordered to pay the 120-year-old society's legal costs.

Littlewoods, the home shopping and pools group, is understood to have tabled an offer of about £365m - less than its initial bid of £385m last year - for Freemans, the mail order business owned by Sears.

Like the first bid, the latest also has been referred to the Monopolies and Mergers Commission. Meanwhile, Littlewoods is believed to be close to narrowing to three, the field of bidders for its 135-strong chain of high street stores.

□ International chemical groups such as Akzo Nobel of the Netherlands and DuPont of the US are understood to have joined ICI in making preliminary bids for Unilever's specialty chemicals business. Analysts believe the four subsidiaries could together fetch over £5bn.

□ A sharp rise in the share price of Cullens forced the

convenience store chain to stepped in yesterday at the head of a group with a £10m package to save struggling Millwall.

The club, which came to the stock market in 1989, will become part of a larger company focusing on hosting sporting and entertainment events.

Virginia Marsh

Current takeover bids and mergers

Company bid for	Value of bid per share	Market price	Pre bid price	Value of bid £m	Bidder
CAMAS	97	97	81½	296.72	Brandon
Chubb	447.55	425	419	1,280	Williams Hldgs.
Forward Group	230	224	164	126.27	HMTF
Howden ‡	128½	127	91½	381.12	Charter
Newman-Tanks ‡	175	173	151½	223.82	Ingersoll-Rand
Nynex Cablecomms	(4)	108	105	(4)	CWC
OGC Int'l	110.3*	117½	116½	72.8	Halliburton
Page (M)	550*	542½	485	341.55	Interim Serv.Lec
Phoenix Timber	23.5*	22½	20½	15.35	Co-op Ret Ben Fd
Pilot Int'l. Tst ‡	119	119½	117	44.08	Under Assets Tst
Premium Unwilling	773.55	168½	157	22.88	Wellington Unwilling
Rogner ‡	191½	145	130	35.44	Jacobs Hldgs.
Rowlinson Sec	330	312½	282½	40.00	Barlows
Tomorrow's Leds ‡	94	9½	84	15.42	Wiggins Group
Waterford Fds (P)	108	85	80	72.99	Amnators
Whitson ‡	175*	172½	157	51.8	Nvidia/Endress
World of Leather ‡	130½	123	91½	15.80	LRD

Prices in pence unless otherwise indicated. *All cash offer.
 †Offer capital not already held, ‡ Unconditional.
 † Based on bid price, 25/4/97, 55Shares and cash, † Cash alternative.
 † Merging with Mercury Comm. B. CableMedia & Videotron to form Cable & Wireless Comm.
 † Bid value of merger £4.5bn.
 † Values denoted in Irish currency.

Directors' share dealings

Transactions in own companies April 14-18 1997

Company	Sector	Shares	Value £000	No of directors
SALES				
Judygate Int'l	Eng	140,333	1060	6
Glass (David)	Prop	1,110,000	987	1
Alldown Holdings	Food	45,598	85	1
Intelligent Environ	SSER	200,000	132	1
Micromed Hldgs	SSER	41,000	73	1
Quint	RetG	1,142,297	4582	4
Quint Express	Brew	150,000	1005	1
Servair plc	Tran	104,388	470	1
Servcom	Elec	33,250	131	3
Southern Newspaper	Media	2,000	16	1
Alexon	RetG	270,000	524	2
DBS Management	OTHF	20,000	154	1
Local & General	LTA	470,000	1838	1
P & O	Tran	5,431	33	1
Ventury Group	Elec	250,000	140	1
PURCHASES				
Appleyard	Dist	151,000	91	4
Asda Property	Prop	280,000	384	1
Chesterston	Prop	115,000	89	4
Claremont Garments	Text	57,000	67	1
Clinton Cards	RetG	15,853	38	1
Cliveden	L&H	60,000	47	1
Dudley Jenkins Grp	SSER	8,500	18	1
East Surrey	Water	13,000	25	1
Havestock Europe	BCOM	6,500	24	3
Inchcape	Text	10,000	25	1
Man (ED&F)	OTHF	250,000	425	1
McBride Plc	H&S	50,000	68	1
Meridiam	Chem	145,000	99	3
Mithras	Invnt	28,000	18	1
Newcastle United	L&H	12,963	17	1
Nightlight	Tran	43,000	18	1
RMC	BM&M	2,500	24	2
Spirax-Sarco	Eng	4,042	26	5
Tomkins	DM	25,000	67	1
Tratford Park	Prop	10,000	14	1
TransTec	Eng	15,104	18	1
Shapiro & Fisher	BM&M	84,020	196	1

Companies must notify the Stock Exchange within two working days of a share transaction by a director. This list contains all transactions (listed and AIM), including exercise of options, † if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary. Source: The Inside Track, Edinburgh, 0131-473 7070.

In the Pink

How inflation can help to curb a country's debt

Brian Reading takes a look at one possible but unexpected solution to Japan's economic problems

Brian Reading is a director of Lombard Street Research

The Japanese real economy is in less of a mess than it was, thanks to record low interest rates and the weak yen. Last year, buoyant exports and recovering investment gave it the fastest growth among the Group of Seven major industrial nations. Tax increases will check the recovery during the next few months, but the economy might pause only for breath before expansion is resumed.

By contrast, the Japanese financial system is still in as much of a mess as ever. Seven years after the speculative bubble burst, less than half the bad loans it spawned have been written off. Moreover, a Japanese "big bang" is planned from April 1 next year; this will lead to a bloodbath among smaller and weaker banks and other financial institutions, particularly debt-laden non-bank banks (so-called because they lend like banks but do not take retail deposits from the public).

The Ministry of Finance (MoF) has engineered this bloodbath to make the Japanese financial system competitive globally. But a bucket and mop will be needed to clear it up.

Last year, MoF abandoned its post-war policy of never allowing a bank to fail. Previously, it had always forced the strong to bail out the weak. In November, however, the Hanwa bank was allowed to go under, although the ministry has promised that all depositors will be protected until 2001.

MoF also says that some banks are too big to fail, among them the Nippon

Credit bank. As before, other healthy institutions have been persuaded to help bail it out; indeed, in an unprecedented move, the US Bankers Trust has been allowed to take part.

But Nippon Credit's non-bank bank subsidiaries are being wound up as insolvent and their big institutional depositors will not be bailed out - except for agricultural credit co-operatives, which could go under in a chain reaction default. But since the farm lobby is too powerful politically for this to

remain unresolved. Even now, asset prices are excessively high relative to product prices and wages. Price/earnings ratios for the Nomura Research Institute's 400 share index averaged 60 at end-March, twice the FTSE 100's; and dividend yields of 0.85 per cent compared with 3.75 per cent for the FTSE. Ten-year average home prices remain at more than 10 times average incomes.

at the expense of borrowers. You might ask: how will this come about? The answer is that it will result from efforts to sort out the public sector's financial shambles. Britain and the US experienced massively negative real interest rates in the 1970s because neither had ever known wartime rates of inflation in peacetime. The cause was cost inflation caused by public spending rising as a share of GDP.

The bigger public sector grab hit profits, since workers were able to bid up wages as inflation accelerated. Cost inflation caused increased unemployment, stagflation and simplification, leaving governments uncertain how to react. Raising interest rates cured inflation by causing still higher unemployment. Income policies were tried and failed.

Japan's public sector is expanding rapidly. It faces a massive tax rise because of the public sector financial mess and its ageing population. MoF hopes to limit taxes and social security contributions to 45 per cent of GDP in 2001 compared with 37 per cent today. An 8 per cent increase in taxes over four years will be demand-deflationary and cost-inflationary. Growth will depend on a continued fall in the yen.

Inflation works as a solution to debt problems only when it is unexpected. Otherwise, markets ensure that real interest rates remain positive. For Japan, at present, the prospect of an inflationary explosion seems infinitely remote. Yet the mess into which public finances are getting suggests otherwise.

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